



FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

WITH REPORT OF

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WEST WENDOVER, NEVADA

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CITY OF WEST WENDOVER, NEVADA

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FINANCIAL SECTION

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Independent Auditors' Report

The Honorable Mayor and City Council
West Wendover, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of West Wendover, Nevada as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of West Wendover, Nevada, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to Measurement Date. Our opinion is not modified with respect to this matter. The fiscal year 2014 financial statements do not reflect the effects of this statement as the required information was not available for that time period.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of proportionate share of the net pension liability and the schedule of contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Wendover, Nevada's basic financial statements. The major fund budgetary comparison schedules and the combining and individual nonmajor fund budgetary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The major fund budgetary comparison schedules, the combining and individual nonmajor fund budgetary schedules, and the schedule of expenditures of federal awards as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the major fund budgetary comparison schedules, the combining and individual nonmajor fund budgetary schedules, and the schedule of expenditures of federal

awards as listed in the table of contents, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2015, on our consideration of the City of West Wendover, Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of West Wendover, Nevada's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC
St. George, Utah
October 31, 2015

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CITY OF WEST WENDOVER, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of West Wendover (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets exceed total liabilities (net position) by \$22.2 million at the close of the fiscal year.
- Total net position increase by \$245,262 from the prior year before restatement adjustments of (\$7,223,787), see note 18.
- Governmental activities net position decreased by (\$327,344) before restatement adjustments. Business-type net position increased by \$572,606 before restatement adjustments.
- Total revenues from all governmental sources were \$8.0 million and the total cost of all City programs was \$8.4 million
- The General Fund revenues exceeded expenditures, excluding transfers, by \$650,956.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$196,875, or 4% of total General Fund expenditures, excluding transfers.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the City as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. (3) Notes to the financial statements.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. Net position, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the City's property tax base or condition of the City's roads to accurately assess the overall health of the City.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the City’s basic services are considered to be governmental activities, including general government, judicial, public safety, community development, health and sanitation, culture and recreation, community support, and interest on long-term debt. Consolidated tax, room tax, ad valorem tax, county gaming tax, franchise tax, right of way tolls, motor vehicle tax, and unrestricted investment earnings finance these activities.
- Proprietary activities/Business type activities – The City charges a fee to customers to cover all or most of the cost of the services provided. The City’s water, sewer, and garbage / compost systems are reported in this category.

Reporting the City’s Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and others are established by City resolution or by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City’s two kinds of funds, *governmental* and *proprietary*, use different accounting approaches as explained below.

- *Governmental funds* – Most of the City’s basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the *modified accrual* accounting method, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City’s general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation included with the Basic Financial Statements.
- *Proprietary funds* – The City maintains enterprise and internal service funds under this category. Enterprise funds are used to account for functions presented in the business-type section of the government-wide financial statements. Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government.

Notes to the Financial Statements

Notes to the financial statements are included to provide information that is crucial to the full and complete understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial position. The City's combined assets exceed liabilities by \$22.2 million as of June 30, 2015 as shown in the following condensed statement of net position. The City has chosen to account for its water, sewer, and garbage/compost operations in enterprise funds which are shown as Business Activities.

City of West Wendover, Nevada Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Assets						
Current and other assets	\$ 1,927,437	\$ 1,718,288	\$ 8,023,659	\$10,042,608	\$ 9,951,096	\$ 11,760,896
Net capital assets	17,460,900	18,397,334	19,829,917	17,097,552	37,290,817	35,494,886
Total assets	19,388,337	20,115,622	27,853,576	27,140,160	47,241,913	47,255,782
Deferred outflows	801,758		154,452		956,210	-
Liabilities						
Current liabilities	973,478	726,910	1,083,322	222,265	2,056,800	949,175
Long-term liabilities outstanding	12,037,709	7,224,759	10,229,682	9,898,205	22,267,391	17,122,964
Total liabilities	13,011,187	7,951,669	11,313,004	10,120,470	24,324,191	18,072,139
Deferred inflows	1,399,258		269,556		1,668,814	-
Net position:						
Net investment in capital assets	11,099,275	11,412,947	13,889,780	12,422,853	24,989,055	23,835,800
Restricted	195,559	166,038	745,042	921,599	940,601	1,087,637
Unrestricted	(5,515,184)	584,968	1,790,646	3,675,238	(3,724,538)	4,260,206
Total net position	\$ 5,779,650	\$ 12,163,953	\$ 16,425,468	\$17,019,690	\$ 22,205,118	\$ 29,183,643

Governmental Activities

The cost of all Governmental activities this year was \$8,400,061. As shown on the statement of Changes in Net Position on the following page, \$783,766 of this cost was paid for by those who directly benefited from the programs; \$198,798 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$982,564. General taxes, asset sales, and other general revenues totaled \$7,090,153.

The City's programs include: general government, judicial, public safety, community development, health and sanitation, culture and recreation, community support, and interest on long-term debt. Each programs' total cost is presented below.

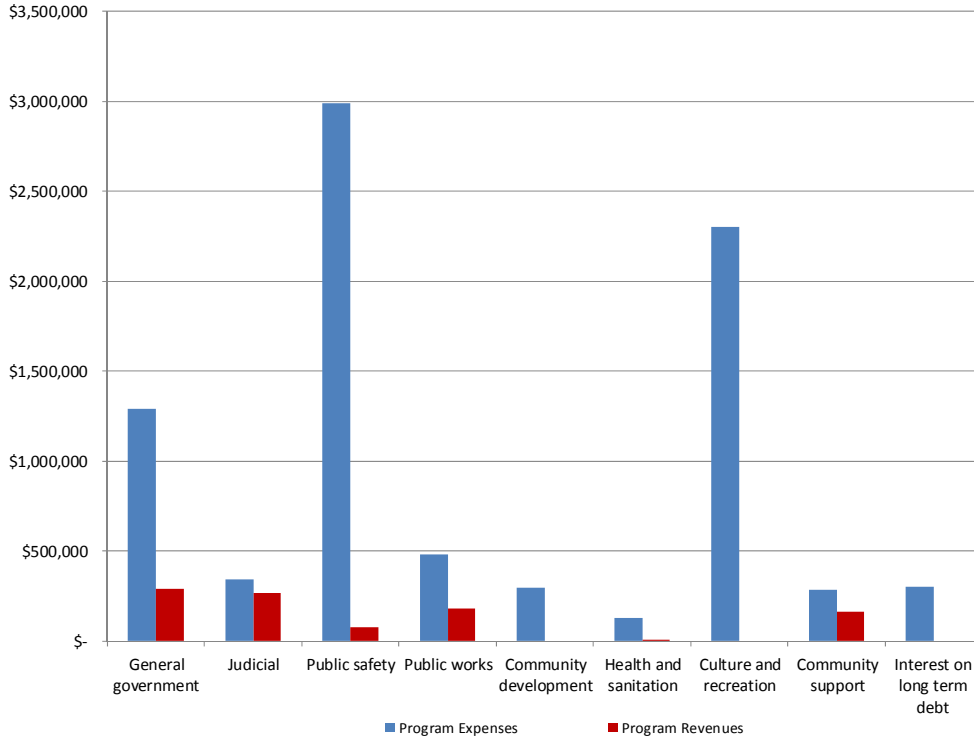
City of West Wendover, Nevada
Changes in Net Position

	Governmental activities		Business-type activities		Combined Total	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Revenues:						
Program revenues:						
Charges for services	\$ 783,766	\$ 671,550	\$ 3,362,362	\$ 3,307,606	\$ 4,146,128	\$ 3,979,156
Operating grants	191,758	241,529	-	-	191,758	241,529
Capital grants	7,040	58,495	604,239	14,270	611,279	72,765
General revenues:						
Consolidated taxes	2,490,960	2,438,541	-	-	2,490,960	2,438,541
Room taxes	2,253,470	2,274,467	-	-	2,253,470	2,274,467
Ad valorem taxes	1,220,284	1,172,797	-	-	1,220,284	1,172,797
County gaming taxes	432,041	428,794	-	-	432,041	428,794
Franchise taxes	350,174	362,934	-	-	350,174	362,934
Right of way toll	191,819	207,476	-	-	191,819	207,476
Motor vehicle taxes	108,010	109,435	-	-	108,010	109,435
Unrestricted investment earnings	3,769	2,034	140,485	144,650	144,254	146,684
Gain on sale of capital assets	17,577	-	-	-	17,577	-
Miscellaneous revenues	22,049	6,747	17,594	263,502	39,643	270,249
Total revenues	<u>8,072,717</u>	<u>7,974,799</u>	<u>4,124,680</u>	<u>3,730,028</u>	<u>12,197,397</u>	<u>11,704,827</u>
Expenses:						
General government	1,291,874	1,297,318	-	-	1,291,874	1,297,318
Judicial	339,045	328,295	-	-	339,045	328,295
Public safety	2,986,355	2,896,752	-	-	2,986,355	2,896,752
Public works	478,771	611,263	-	-	478,771	611,263
Community development	295,243	309,471	-	-	295,243	309,471
Health and sanitation	125,971	120,182	-	-	125,971	120,182
Culture and recreation	2,299,301	2,302,262	-	-	2,299,301	2,302,262
Community support	283,358	359,064	-	-	283,358	359,064
Interest on long term debt	300,143	337,404	-	-	300,143	337,404
Water	-	-	1,285,845	1,350,482	1,285,845	1,350,482
Sewer	-	-	1,410,076	1,336,325	1,410,076	1,336,325
Garbage/Compost	-	-	856,153	839,465	856,153	839,465
Total expenses	<u>8,400,061</u>	<u>8,562,011</u>	<u>3,552,074</u>	<u>3,526,272</u>	<u>11,952,135</u>	<u>12,088,283</u>
Increase in net position before transfers	(327,344)	(587,212)	572,606	203,756	245,262	(383,456)
Transfers	-	-	-	-	-	-
Increase in net position	(327,344)	(587,212)	572,606	203,756	245,262	(383,456)
Net position, beginning	12,163,953	12,751,165	17,019,690	16,815,934	29,183,643	29,567,099
Restatement adjustment	(6,056,959)	-	(1,166,828)	-	(7,223,787)	-
Net position, ending	<u>\$ 5,779,650</u>	<u>\$ 12,163,953</u>	<u>\$ 16,425,468</u>	<u>\$ 17,019,690</u>	<u>\$ 22,205,118</u>	<u>\$ 29,183,643</u>

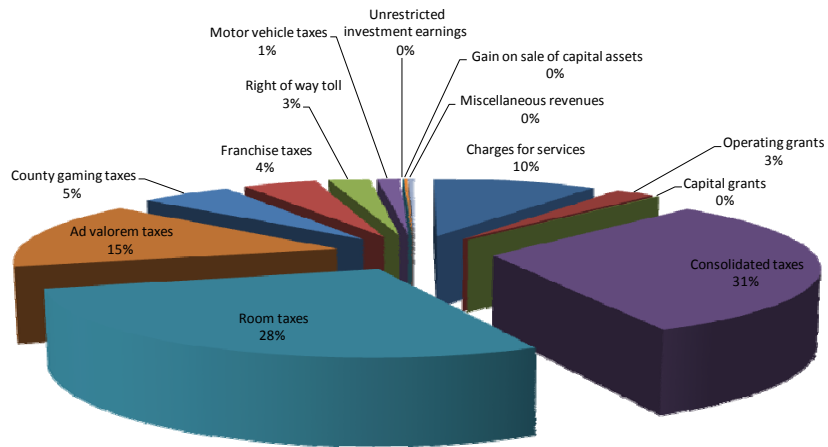
Total resources available during the year to finance governmental operations were \$14.1 million consisting of Net position at July 1, 2014 of \$6.1 million, program revenues of \$1.0 million and General Revenue of \$7.0 million. Total Governmental Activities during the year were \$8.4 million; thus Governmental Net Position decreased by \$0.3 million to \$5.8 million.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all government activities.

Expenses and Program Revenues - Governmental Activities

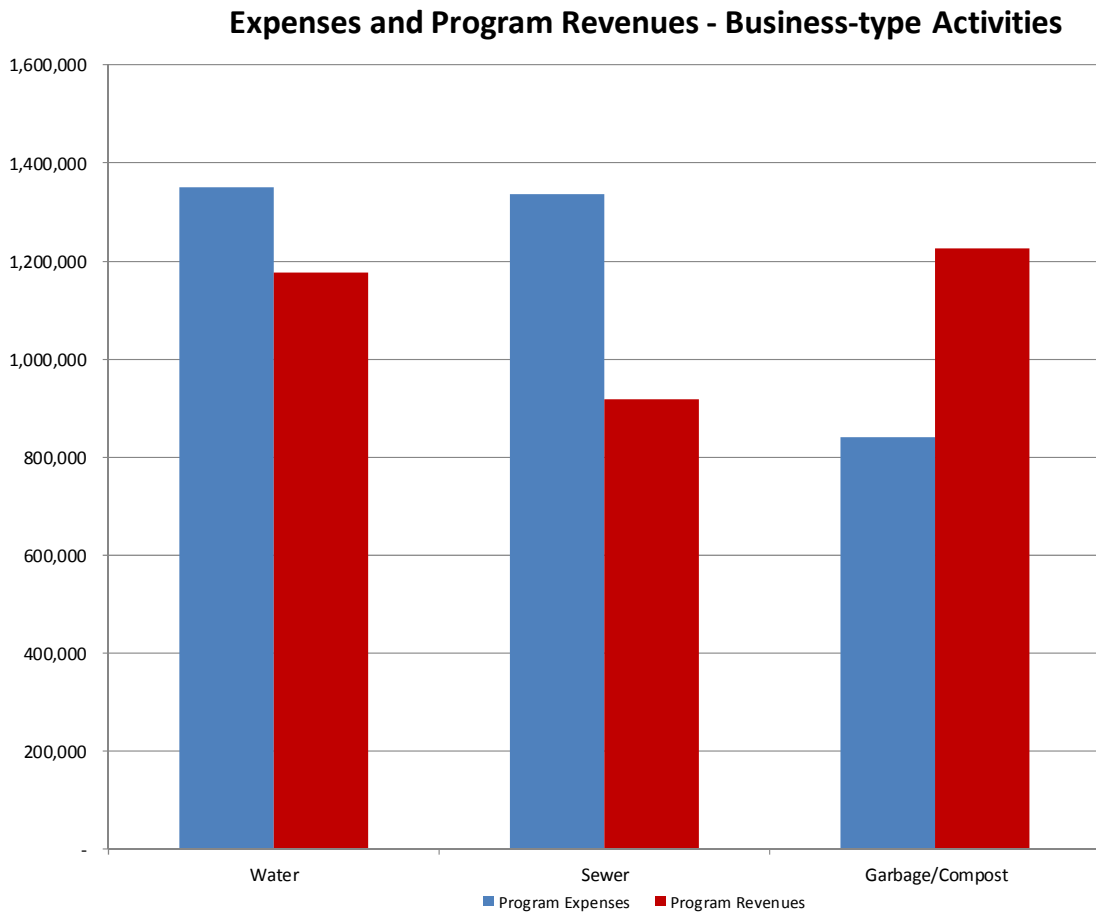


Revenues By Source - Governmental Activities



Business Type Activities

Net position of the Business Type activities at June 30, 2015, as reflected in the Statement of Net Position was \$16.4 million. The cost of providing all Proprietary (Business Type) activities this year was \$3.5 million. As shown in the Statement of Activities, the amounts paid by users of the system were \$3.3 million and \$604,239 was subsidized by capital grants and contributions. Unrestricted investment earnings totaled 140,485; other revenue totaled \$17,594, thus, net position increased by \$572,606.



Financial Analysis of the Government's Funds

As noted earlier, the City of West Wendover uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the City of West Wendover's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of West Wendover's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of West Wendover's governmental funds reported combined ending fund balances of \$811,768, a decrease of \$15,236 in comparison with the prior year. Approximately, 24% of this total amount or \$196,209 constitutes unassigned fund balance, which is available for new spending at the government's discretion. The remainder of the fund balance is non-spendable, restricted, or committed because it has already been committed 1) to pay debt service, 2) to pay for capital improvements or 3) for a variety of other restricted or committed purposes.

The general fund is the chief operating fund of the City of West Wendover. At the end of the current fiscal year, unassigned fund balance in the general fund was \$196,875, and total fund balance is \$413,455. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 4% of total general fund expenditures. During the year, the City of West Wendover's general fund balance was budgeted to decrease by \$46,300. There was no significant variance from budget to actual:

The recreation fund has a fund balance of \$161,136, all of which is restricted for culture and recreation appropriation.

The capital projects fund has a total fund balance of \$166,833 restricted for various capital projects for the City needs.

Proprietary funds: The City of West Wendover's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Total net position of the proprietary funds was \$16,425,468 at year end.

General Fund Budgetary Highlights

Actual expenditures for the General Fund at year-end were \$184,562 less than the final budget. The favorable budget to actual variance in appropriations was principally due to less salaries, wages, and benefits than anticipated in Public Safety and General Administration. Actual revenues were less than the final budget by \$347,806 mainly due to County transportation revenues which were received, but were unearned at year end.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. At the end of fiscal year 2015, net capital assets of the government activities totaled \$17.5 million and the net capital assets of the business-type activities totaled \$19.8 million. Depreciation on governmental-type capital assets is recognized in the Government-Wide financial statements. (See note 6 to the financial statements.)

Debt

At year-end, the City had \$12 million in governmental type debt, and \$10.2 million in proprietary debt. The debt is a liability of the government and amounts to \$4,950 per capita (4,498 – 2013 population US Census Bureau Website 2013). The City's net increase in total debt was \$5.1 million. (See note 7 and 18 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the City Budget for fiscal year 2015-2016, the City Council and management remained cautious as to the growth of revenues and expenditures.

The current labor contracts, effective July 1, 2012 thru June 30, 2015, provide for annual pay adjustments. The police contract included a 2% increase and the local agreement included a 1% increase for fiscal year 2015. For fiscal year 2016, there will be a 1% increase for the police contract and a 1% increase for the local agreement.

Projects that are a part of the City Budget for the fiscal year 2015-2016 are as follows:

- In conjunction with the addition of a new public elementary school funded by the Elko County School District, the City will be part of the completion of Florence Way Blvd Phase 3. Preliminary work will also proceed for Florence Way Blvd Phase 2 and other street improvements, to be completed in fiscal year 2016.
- The new Public Works building is about to be completed and will be operational by late November 2015.
- Work on two of the three rehabilitation projects for a water tank and water lines, funded from the State Revolving Fund combined with a USDA loan, is complete and the final project will be complete in early fiscal year 2016.
- Seven more police vehicles will be purchased in early fiscal year 2016 to complete the replacement of the police department fleet.
- A new Landfill cell will be bid for completion during fiscal year 2016, to be completed before the winter season. This will bring the City to full compliance for Landfill cell requirements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the City's Chief Financial Officer at the City of West Wendover, 1111 N. Gene L. Jones Way, West Wendover, Nevada 89883 or visit us online at <http://www.westwendovercity.com>

BASIC FINANCIAL STATEMENTS

CITY OF WEST WENDOVER, NEVADA
Statement of Net Position
For the Year Ended June 30, 2015

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Johnson
				Springs
Assets				
Cash and temporary investments	\$ 358,548	\$ 3,847,408	\$ 4,205,956	\$ 953,813
Accounts receivable, net	799,132	329,350	1,128,482	52,646
Due from component unit	-	2,969,993	2,969,993	-
Internal balances	(53,187)	53,187	-	-
Inventory	23,603	66,277	89,880	13,389
Prepaid items	253,218	12,402	265,620	-
Restricted cash	546,123	745,042	1,291,165	54,857
Capital assets not being depreciated:				
Land	2,056,481	111,000	2,167,481	18,000
Construction in progress	18,521	3,024,154	3,042,675	110,485
Capital assets, net of accumulated depreciation:				
Buildings, net	8,443,241	301,103	8,744,344	2,571,683
Improvements other than buildings, net	6,191,712	2,773,340	8,965,052	332,143
Machinery and equipment, net	750,945	737,922	1,488,867	176,865
Utility systems	-	12,882,398	12,882,398	3,949,690
Total assets	<u>19,388,337</u>	<u>27,853,576</u>	<u>47,241,913</u>	<u>8,233,571</u>
Deferred Outflows of Resources				
Deferred outflows related to pensions	<u>801,758</u>	<u>154,452</u>	<u>956,210</u>	<u>26,939</u>
Liabilities				
Accounts payable	297,218	930,820	1,228,038	152,098
Accrued interest payable	33,568	148,746	182,314	-
Accrued expenses	240,753	-	240,753	1,687
Due to primary government	-	-	-	2,969,993
Unearned revenue	401,939	-	401,939	-
Deposits payable	-	3,756	3,756	-
Noncurrent liabilities				
Due within one year	778,875	709,499	1,488,374	32,177
Due in more than one year	11,258,834	9,520,183	20,779,017	1,823,763
Total liabilities	<u>13,011,187</u>	<u>11,313,004</u>	<u>24,324,191</u>	<u>4,979,718</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions	<u>1,399,258</u>	<u>269,556</u>	<u>1,668,814</u>	<u>47,014</u>
Net Position				
Net investment in capital assets	11,099,275	13,889,780	24,989,055	2,344,089
Restricted for:				
Judicial	34,423	-	34,423	-
Culture and recreation	161,136	-	161,136	-
Debt service	-	745,042	745,042	54,857
Unrestricted	(5,515,184)	1,790,646	(3,724,538)	834,832
Total net position	<u>\$ 5,779,650</u>	<u>\$ 16,425,468</u>	<u>\$ 22,205,118</u>	<u>\$ 3,233,778</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WEST WENDOVER, NEVADA
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental:								
General government	\$ 1,291,874	\$ 288,741	\$ -	\$ -	\$ (1,003,133)	\$ -	\$ (1,003,133)	\$ -
Judicial	339,045	266,778	-	-	(72,267)	-	(72,267)	-
Public safety	2,986,355	20,323	58,572	-	(2,907,460)	-	(2,907,460)	-
Public works	478,771	179,459	-	-	(299,312)	-	(299,312)	-
Community development	295,243	-	-	-	(295,243)	-	(295,243)	-
Health and sanitation	125,971	4,072	-	-	(121,899)	-	(121,899)	-
Culture and recreation	2,299,301	-	-	-	(2,299,301)	-	(2,299,301)	-
Community support	283,358	24,393	133,186	7,040	(118,739)	-	(118,739)	-
Interest on long term debt	300,143	-	-	-	(300,143)	-	(300,143)	-
Total governmental activities	<u>8,400,061</u>	<u>783,766</u>	<u>191,758</u>	<u>7,040</u>	<u>(7,417,497)</u>	<u>-</u>	<u>(7,417,497)</u>	<u>-</u>
Business-type:								
Water	1,285,845	1,083,837	-	547,637	-	345,629	345,629	-
Sewer	1,410,076	937,635	-	56,602	-	(415,839)	(415,839)	-
Garbage/Compost	856,153	1,340,890	-	-	-	484,737	484,737	-
Total business-type activities	<u>3,552,074</u>	<u>3,362,362</u>	<u>-</u>	<u>604,239</u>	<u>-</u>	<u>414,527</u>	<u>414,527</u>	<u>-</u>
Total primary government	<u>\$ 11,952,135</u>	<u>\$ 4,146,128</u>	<u>\$ 191,758</u>	<u>\$ 611,279</u>				
Component Unit:								
Johnson Springs	<u>\$ 1,336,672</u>	<u>\$ 580,939</u>	<u>\$ -</u>	<u>\$ 445,108</u>				<u>(310,625)</u>
		General Revenues:						
					2,490,960	-	2,490,960	-
					2,253,470	-	2,253,470	-
					1,220,284	-	1,220,284	-
					432,041	-	432,041	-
					350,174	-	350,174	-
					191,819	-	191,819	-
					108,010	-	108,010	-
					3,769	140,485	144,254	2,753
					17,577	-	17,577	-
					22,049	17,594	39,643	-
					<u>7,090,153</u>	<u>158,079</u>	<u>7,191,012</u>	<u>2,753</u>
					(327,344)	572,606	245,262	(307,872)
					12,163,953	17,019,690	29,183,643	3,745,158
					(6,056,959)	(1,166,828)	(7,223,787)	(203,508)
					<u>\$ 5,779,650</u>	<u>\$ 16,425,468</u>	<u>\$ 22,205,118</u>	<u>\$ 3,233,778</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WEST WENDOVER, NEVADA
Balance Sheet
Governmental Funds
June 30, 2015

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and temporary investments	\$ 2,883	\$ 147,555	\$ 28	\$ 88,545	\$ 239,011
Accounts receivable, net	87,567	217,301	-	-	304,868
Due from other governments	478,056	-	-	-	478,056
Inventory	20,650	-	-	2,953	23,603
Prepaid and other items	195,930	-	-	-	195,930
Restricted cash	363,248	-	182,875	-	546,123
Total assets	<u>\$ 1,148,334</u>	<u>\$ 364,856</u>	<u>\$ 182,903</u>	<u>\$ 91,498</u>	<u>\$ 1,787,591</u>
Liabilities					
Accounts payable	\$ 39,000	\$ 203,720	\$ 16,070	\$ 21,154	\$ 279,944
Accrued liabilities	240,753	-	-	-	240,753
Interfund balances	53,187	-	-	-	53,187
Unearned revenue	401,939	-	-	-	401,939
Total liabilities	<u>734,879</u>	<u>203,720</u>	<u>16,070</u>	<u>21,154</u>	<u>975,823</u>
Fund Balances					
Nonspendable	216,580	-	-	2,953	219,533
Restricted	-	161,136	166,833	34,423	362,392
Committed	-	-	-	33,634	33,634
Unassigned	196,875	-	-	(666)	196,209
Total fund balances	<u>413,455</u>	<u>161,136</u>	<u>166,833</u>	<u>70,344</u>	<u>811,768</u>
Total liabilities and fund balances	<u>\$ 1,148,334</u>	<u>\$ 364,856</u>	<u>\$ 182,903</u>	<u>\$ 91,498</u>	<u>\$ 1,787,591</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WEST WENDOVER, NEVADA
Reconciliation of the Balance Sheets of Governmental Funds
To the Statement of Net Position
For the Year Ended June 30, 2015

Total fund balances - governmental funds	\$	811,768
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Governmental capital assets	\$	24,099,982
Accumulated depreciation		<u>(6,639,082)</u>
		17,460,900
Long-term receivables in the governmental activities are not reported in the funds.		
		16,208
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liabilities	\$	(5,425,656)
Bonds payable		(6,185,900)
Capital leases payable		(175,725)
Compensated absences		(250,428)
Interest payable		<u>(33,568)</u>
		(12,071,277)
The internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		
		159,551
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows	\$	801,758
Deferred inflows		<u>(1,399,258)</u>
		(597,500)
Total net position - governmental activities		<u><u>\$ 5,779,650</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF WEST WENDOVER, NEVADA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General Fund	Recreation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 1,174,142	\$ 2,253,470	\$ -	\$ 46,143	\$ 3,473,755
Licenses and permits	973,028	-	-	-	973,028
Intergovernmental	3,251,182	-	-	132,219	3,383,401
Charges for services	44,771	-	-	9,024	53,795
Fines and forfeits	92,786	-	-	-	92,786
Miscellaneous revenues	58,485	-	228,495	19,335	306,315
Total revenues	5,594,394	2,253,470	228,495	206,721	8,283,080
Expenditures					
Current					
General government	854,714	-	-	-	854,714
Judicial	317,877	-	-	13,574	331,451
Public safety	2,871,503	-	-	-	2,871,503
Public works	379,412	-	-	-	379,412
Community development	295,418	-	-	-	295,418
Health	99,920	-	-	2,369	102,289
Culture and recreation	12,111	2,222,326	-	-	2,234,437
Community support	45,552	-	-	235,072	280,624
Capital outlay	-	-	18,521	-	18,521
Debt service	66,931	-	863,016	-	929,947
Total expenditures	4,943,438	2,222,326	881,537	251,015	8,298,316
Excess (deficiency) of revenues over (under) expenditures	650,956	31,144	(653,042)	(44,294)	(15,236)
Other Financing Sources (Uses)					
Capital lease proceeds	-	-	-	-	-
Transfers in	-	-	668,350	77,211	745,561
Transfers out	(699,561)	-	-	(46,000)	(745,561)
Total other financing sources and uses	(699,561)	-	668,350	31,211	-
Net change in fund balances	(48,605)	31,144	15,308	(13,083)	(15,236)
Fund balances, beginning of year	462,060	129,992	151,525	83,427	827,004
Fund balances, end of year	\$ 413,455	\$ 161,136	\$ 166,833	\$ 70,344	\$ 811,768

The accompanying notes are an integral part of the financial statements.

CITY OF WEST WENDOVER, NEVADA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ (15,236)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>		
Capital outlay	79,756	
Depreciation expense	<u>(807,905)</u>	(728,149)
<p>Governmental funds report the gross proceeds from the sale of capital assets as revenue. However, in the statement of activities, the gain/(loss) on the sale of capital assets is reported net of its net book value.</p>		
		(208,283)
<p>Payments on long term receivables recorded as revenue in the governmental funds are reported as a reduction of receivables in the statement of net position.</p>		
		(2,080)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		622,762
<p>Accrued interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities. The adjustment reflects the change in interest payable</p>		
		7,042
<p>Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension liability is measured a year before the City's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pension, is reported in the Statement of Activities.</p>		
Pension contributions	\$ 752,952	
Pension expense	<u>(719,151)</u>	33,801
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment reflects the change in compensated absences payable.</p>		
		(10,056)
<p>The internal service fund is used by management to charge the cost of insurance to the various funds. The net revenue (loss) of the internal service fund is reported with governmental activities.</p>		
		(27,145)
Change in net position of governmental activities		<u><u>\$ (327,344)</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF WEST WENDOVER, NEVADA
Statement of Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage/ Compost Fund</u>	<u>Total Proprietary Funds</u>	<u>Internal Service Fund</u>
Assets					
Current assets					
Cash and investments	\$ 1,962,656	\$ 873,074	\$ 1,011,678	\$ 3,847,408	\$ 119,537
Accounts receivable, net	97,771	102,857	128,722	329,350	-
Due from other funds	53,187	-	-	53,187	-
Inventory	56,562	9,715	-	66,277	-
Prepaid expenses	1,976	9,661	765	12,402	57,288
Total current assets	<u>2,172,152</u>	<u>995,307</u>	<u>1,141,165</u>	<u>4,308,624</u>	<u>176,825</u>
Noncurrent assets					
Restricted cash	403,141	44,509	297,392	745,042	-
Due from component unit	2,969,993	-	-	2,969,993	-
Capital assets:					
Land	111,000	-	-	111,000	-
Construction in progress	3,024,154	-	-	3,024,154	-
Buildings	110,762	-	368,572	479,334	-
Improvements other than buildings	966,221	27,035	4,534,366	5,527,622	-
Machinery and equipment	792,257	1,339,999	1,765,581	3,897,837	-
Utility system	1,471,081	15,820,916	-	17,291,997	-
Less accumulated depreciation	(1,756,513)	(4,520,598)	(4,224,916)	(10,502,027)	-
Total noncurrent assets	<u>8,092,096</u>	<u>12,711,861</u>	<u>2,740,995</u>	<u>23,544,952</u>	<u>-</u>
Total assets	<u>10,264,248</u>	<u>13,707,168</u>	<u>3,882,160</u>	<u>27,853,576</u>	<u>176,825</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions	<u>46,798</u>	<u>56,334</u>	<u>51,320</u>	<u>154,452</u>	<u>-</u>
Liabilities					
Current liabilities					
Accounts payable	866,960	25,241	38,619	930,820	17,274
Accrued interest payable	93,539	11,502	43,705	148,746	-
Compensated absences	6,618	5,594	7,818	20,030	-
Customer deposits	3,756	-	-	3,756	-
Current portion of noncurrent liabilities	401,151	40,557	247,761	689,469	-
Total current liabilities	<u>1,372,024</u>	<u>82,894</u>	<u>337,903</u>	<u>1,792,821</u>	<u>17,274</u>
Noncurrent liabilities:					
Capital leases payable	-	-	121,761	121,761	-
Net pension liability	316,691	381,226	347,296	1,045,213	-
Bonds payable	5,062,151	2,462,102	828,956	8,353,209	-
Total noncurrent liabilities	<u>5,378,842</u>	<u>2,843,328</u>	<u>1,298,013</u>	<u>9,520,183</u>	<u>-</u>
Total liabilities	<u>6,750,866</u>	<u>2,926,222</u>	<u>1,635,916</u>	<u>11,313,004</u>	<u>17,274</u>
Deferred Inflows of Resources					
Deferred inflows related to pensions	<u>81,673</u>	<u>98,317</u>	<u>89,566</u>	<u>269,556</u>	<u>-</u>
Net Position					
Net investment in capital assets	2,479,962	10,164,693	1,245,125	13,889,780	-
Restricted for debt service	403,141	44,509	297,392	745,042	-
Unrestricted	595,404	529,761	665,481	1,790,646	159,551
Total net position	<u>\$ 3,478,507</u>	<u>\$ 10,738,963</u>	<u>\$ 2,207,998</u>	<u>\$ 16,425,468</u>	<u>\$ 159,551</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WEST WENDOVER, NEVADA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage/ Compost Fund</u>	<u>Total Proprietary Funds</u>	<u>Internal Service Fund</u>
Operating revenues					
Charges for services	\$ 1,083,837	\$ 937,635	\$ 1,340,890	\$ 3,362,362	\$ 611,859
Operating expenses					
Water purchases	474,181	-	-	474,181	-
Salaries and wages	185,083	253,003	203,384	641,470	-
Employee benefits	82,508	105,620	96,583	284,711	639,004
Services and supplies	258,281	444,694	239,285	942,260	-
Depreciation and amortization	64,635	536,848	261,847	863,330	-
Total operating expenses	<u>1,064,688</u>	<u>1,340,165</u>	<u>801,099</u>	<u>3,205,952</u>	<u>639,004</u>
Operating income (loss)	<u>19,149</u>	<u>(402,530)</u>	<u>539,791</u>	<u>156,410</u>	<u>(27,145)</u>
Nonoperating revenues (expenses)					
Interest income	138,697	907	881	140,485	-
Impact fees	217,732	56,602	-	274,334	-
Grant revenue	329,905	-	-	329,905	-
Miscellaneous income	14,795	2,799	-	17,594	-
Interest expense	<u>(221,157)</u>	<u>(69,911)</u>	<u>(55,054)</u>	<u>(346,122)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>479,972</u>	<u>(9,603)</u>	<u>(54,173)</u>	<u>416,196</u>	<u>-</u>
Income before contributions and transfers	499,121	(412,133)	485,618	572,606	(27,145)
Transfers					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	499,121	(412,133)	485,618	572,606	(27,145)
Total net position, beginning	3,332,925	11,576,680	2,110,085	17,019,690	186,696
Restatement adjustments	<u>(353,539)</u>	<u>(425,584)</u>	<u>(387,705)</u>	<u>(1,166,828)</u>	<u>-</u>
Total net position, end of year	<u>\$ 3,478,507</u>	<u>\$ 10,738,963</u>	<u>\$ 2,207,998</u>	<u>\$ 16,425,468</u>	<u>\$ 159,551</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WEST WENDOVER, NEVADA
Statement of Cash Flows
Proprietary Funds
June 30, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage/ Compost Fund</u>	<u>Total Proprietary Funds</u>	<u>Internal Service Fund</u>
Cash Flows From Operating Activities:					
Cash received from customers, service fees	\$ 1,059,934	\$ 939,181	\$ 1,325,942	\$ 3,325,057	\$ 611,859
Cash paid to suppliers	(278,215)	(440,375)	(203,667)	(922,257)	(639,018)
Cash paid to employees	(269,172)	(359,041)	(301,249)	(929,462)	-
Net cash flows from operating activities	<u>512,547</u>	<u>139,765</u>	<u>821,026</u>	<u>1,473,338</u>	<u>(27,159)</u>
Cash Flows From Noncapital Financing Activities:					
Net interfund receipts/(payments)	264,529	-	-	264,529	-
Net component unit receipts/(payments)	65,897	-	-	65,897	-
Cash received from miscellaneous sources	14,795	2,799	-	17,594	-
Net cash flows from noncapital financing activities	<u>345,221</u>	<u>2,799</u>	<u>-</u>	<u>348,020</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:					
Impact fees	217,732	56,602	-	274,334	-
Grant revenue	329,905	-	-	329,905	-
Proceeds from long term debt	-	-	-	-	-
Principal paid on capital debt	(391,132)	(42,018)	(283,820)	(716,970)	-
Interest paid on capital debt	(224,075)	(66,947)	(64,998)	(356,020)	-
Acquisition and construction of capital assets	<u>(3,150,023)</u>	<u>(11,819)</u>	<u>(38,533)</u>	<u>(3,200,375)</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>(3,217,593)</u>	<u>(64,182)</u>	<u>(387,351)</u>	<u>(3,669,126)</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest income	<u>138,697</u>	<u>907</u>	<u>881</u>	<u>140,485</u>	<u>-</u>
Net change in cash and cash equivalents	(2,221,128)	79,289	434,556	(1,707,283)	(27,159)
Cash and investments, including restricted cash, beginning of year	<u>4,586,925</u>	<u>838,294</u>	<u>874,514</u>	<u>6,299,733</u>	<u>146,696</u>
Cash and Cash Equivalents, Including Restricted Cash , End of Year	<u>\$ 2,365,797</u>	<u>\$ 917,583</u>	<u>\$ 1,309,070</u>	<u>\$ 4,592,450</u>	<u>\$ 119,537</u>
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$ 19,149	\$ (402,530)	\$ 539,791	\$ 156,410	\$ (27,145)
Adjustments to reconcile net income (loss) to net cash from operating activities					
Depreciation/amortization	64,635	536,848	261,847	863,330	-
Pension expense	41,976	50,530	46,033	138,539	-
Employer pension contributions	(43,949)	(52,905)	(48,196)	(145,050)	-
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	(22,824)	1,546	(14,948)	(36,226)	-
(Increase) decrease in inventory	23,206	31	-	23,237	-
(Increase) decrease in prepaid expenses	(1,200)	(4,556)	(15)	(5,771)	(17,288)
Increase (decrease) in accounts payable	432,241	8,844	35,633	476,718	17,274
Increase (decrease) in due from deposits	(1,079)	-	-	(1,079)	-
Increase (decrease) in compensated absences	392	1,957	881	3,230	-
Net cash flows from operating activities	<u>\$ 512,547</u>	<u>\$ 139,765</u>	<u>\$ 821,026</u>	<u>\$ 1,473,338</u>	<u>\$ (27,159)</u>
Supplemental Schedule of Non-cash Financing and Investing Activities					
Acquisition of capital assets through accounts payable	\$ 395,314	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies

Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

The City of West Wendover (government) is a municipal corporation governed by an elected mayor and five-member governing council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely presented component units - The Johnson Springs Water System Enterprise Fund (Johnson Springs) was formed by a settlement agreement between the City of West Wendover, Nevada and the City of Wendover, Utah to replace Administrative Authority upon its dissolution (dissolved on December 31, 2008). Johnson Springs has no board. The net assets of the Administrative Authority were transferred to Johnson Springs on January 1, 2009, including the debt of the Administrative Authority that is in the name of the City. It is a separate enterprise fund and is considered a component unit due to the City's responsibility to perform all management, maintenance and accounting duties for the fund.

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the city has one discretely presented component units, Johnson Springs, which is considered a major component unit and is shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies, Continued

Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units if any. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The **Recreation Fund** is used to account for the City's share of room tax proceeds and the distribution of those funds to the recreation district.

The **Capital Projects Fund** is used to account for the acquisition or construction of capital facilities as outlined in Resolution 1997-14.

The government reports the following major enterprise funds:

The **Water Fund** accounts for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection.

The **Sewer Fund** accounts for the provision of sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection.

The **Garbage/Compost Fund** is used to account for the provision of sanitation services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection.

Additionally, the City reports the following fund types:

Internal Service Fund – Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies, Continued

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies, Continued

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the government are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

Inventories and prepaid items

Inventories for the general and proprietary funds are valued at cost using the first-in/first-out (FIFO) method and consist of expendable office supplies, pipe, fittings and miscellaneous automobile parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

For all other funds, the City of West Wendover charges consumable supplies against appropriations at the time of purchase. Any inventories of such supplies at June 30 are not material to the individual funds and are not recognized in the financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies, Continued

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

The City has elected not to record infrastructure assets prior to July 1, 2003 as allowed by Governmental Accounting Statement number 34 for phase 3 governments.

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Building	35 to 50 years
Improvements other than buildings	20 to 30 years
Machinery, equipment, and vehicles	3 to 10 years
Utility systems	10 to 50 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has one type of item that qualifies for reporting for reporting in this category which is pension related items reported on the government-wide financial statements. See footnote 17 for more information.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies, Continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that qualifies for reporting in this category which is pension related items reported on the government-wide financial statements. See footnote 17 for more information. The governmental funds report unearned revenues from two sources: advance payments for business licenses and regional transportation commission funds received from the County for a future project. These amounts are deferred and recognized as an inflow of resources in the period that the amounts are earned.

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies, Continued

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The city council (council) has by resolution authorized the Mayor, City Manager, and Chief Financial Officer to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

All real property within the City of West Wendover is assigned a parcel number by the Elko County Assessor in accordance with state law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals. The property and its improvements are assessed at 35% of "taxable value" as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located. The maximum tax rate was established in the State Constitution at \$5 per \$100 of assessed valuation; however, as a result of legislative action, the tax rate was further limited to \$3.64 per \$100 as assessed valuation, except in cases of severe financial emergency as defined by NRS 354.705. Taxes on real property are a lien on the property and attach on July 1 of the year for which the taxes are levied.

Taxes may be paid in four installments, the first installment is due on the third Monday of August and the remaining three installments are payable on the first Monday in October, January and March to the Treasurer of Elko County in which the City of West Wendover is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two year waiting period, if the taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner or such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually by the County and the tax is computed using percentages of taxable values established by the Department of Taxation and the tax rates described above.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies, Continued

Compensated absences

Vacation and Sick-leave

The city's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Per City Policy and Collective Bargaining Agreements, employees earn (accrue) sick leave benefits which they are eligible to receive upon separation of service at a determined percentage based upon total years of service and based upon the required notice of separation.

Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, sewer fund, and garbage/compost facility fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies, Continued

New pronouncements

For the year ended June 30, 2015, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. Implementation of these new Statements resulted in a restatement of beginning net position in the City's government-wide and proprietary fund financial statements (see Note 18).

Comparative Data

Comparative data shown for the prior year has been extracted from the 2013-2014 financial statements and reclassified where necessary. It has been provided to add comparability but is not considered full disclosure of transactions for 2013-2014. Such information can only be obtained by referring to the audited financial statements for that year.

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on as listed in the table of contents.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation as listed in the table of contents.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 3. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The City adheres to the Local Government Budget Act incorporated in Section 354 of the Nevada Revised Statutes. The provision of the Act included the following major procedures to establish the budgetary data which is reflected in these financial statements.

- a. On or before April 15, the City Council files a tentative budget with the Nevada Department of Taxation for all funds.
- b. Public budget hearings on the tentative budget are held on the third Tuesday of May.
- c. On or before June 1, at a public hearing, the City Council indicates changes, if any, to be made to the tentative budget must then be forwarded to the Nevada Department of Taxation for the final review and approval.
- d. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
- e. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year end.
- f. Budget amounts within funds, and between funds, may be transferred if amounts do not exceed the original budget. Such transfers must be approved by the budget officer and/or City Council, depending on established criteria. Budget augmentations in excess of original budgetary amounts may only be made with prior approval of the City Council, following a scheduled and noticed public hearing for those funds which have ad valorem taxes allocated as a source of revenue. For all other funds, the City Council must approve the budget augmentation with a majority vote and adopt a resolution providing therefore.
- g. The above dates may be adjusted as necessary during legislative years.
- h. The budget amounts reflected in the financial statements have been amended from the original amounts in accordance with the approve procedures.
- i. In accordance with state statute, actual expenditures may not exceed budgeted appropriations of the various governmental functions (excluding the debt services functions) in the General Fund and total expenditures in other governmental funds. Per NRS 354.626, expenditures over budgeted appropriations are allowed for bond repayments, medium term obligation repayments and long-term contracts expressly authorized by law.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 4. Cash and Investments

A reconciliation of cash deposits and investments to the government-wide statement of net position as follows:

	Primary Government	Component Unit
Deposits:		
Cash on hand	\$ 700	\$ -
Cash in bank	2,439,177	(1,279,749)
Investments:		
Nevada local government investment pool	3,057,244	2,288,419
Total deposits and investments	\$ 5,497,121	\$ 1,008,670
Cash and cash equivalents	\$ 4,205,956	\$ 953,813
Restricted cash	1,291,165	54,857
	\$ 5,497,121	\$ 1,008,670

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned. The City does not have a formal policy for custodial credit risk. As of June 30, 2015, \$0 of the primary government and component unit's combined bank balance of \$1,216,971 was exposed to custodial credit risk because it was either fully insured by FDIC insurance or collateralized by a pledging financial institution.

Investments

The Nevada State Treasurer's Office operates the Local Government Pooled Investment Fund (LGPIF). The LGPIF is available for investment of funds administered by any Nevada Public Treasurer.

The LGPIF is not registered with the SEC as an investment company. Deposits in the LGPIF are not insured or otherwise guaranteed by the State of Nevada, and participants share proportionally in any realized gain or losses on investments.

The provisions of State Law (NRS 355.170) govern the investment of public funds as noted in Footnote 1.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 4. Cash and Investments, Continued

As of June 30, 2015 the government had the following investments:

<u>Investment Type</u>	Primary Government <u>Fair Value</u>	Component Unit <u>Fair Value</u>	<u>Rating (1)</u>	Weighted Average <u>Maturity (2)</u>
Nevada Local Government Pooled Investment Fund	\$ 3,057,244	\$ 2,288,419	N/A	108
Total Fair Value	<u>\$ 3,057,244</u>	<u>\$ 2,288,419</u>		

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (NRS 355.170).

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The primary government and component unit's policy for reducing its exposure to credit risk is to limit its investments to the Nevada Local Government Pooled Investment Fund and to comply with State Law (NRS 355.170). The Nevada Local Government Pooled Investment Fund is unrated.

Concentration of Credit Risk

The Primary Government and the Component Unit place no limit on the amount the Primary Government or the Component Unit may invest in any one issue.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 4. Cash and Investments, Continued

Cash Restricted for Special Uses

The primary government and the component unit maintain restricted cash to comply with various legal and contractual requirements. Amounts restricted are as follows at June 30, 2015:

Medium Term Sales Tax Revenue Bond Reserves	\$ 182,875
1998 Sewer/Compost Revenue Bond Reserves	100,557
Sewer/Compost Revenue Bond Series 1999B Bond Reserves	115,320
Sewer/Compost Revenue Bond Series 1999A Bond Reserves	41,515
Closure / post closure trust funds	40,000
Waste Water Treatment Plant Revenue Bond Reserves	44,509
1998 Water Revenue Bond Reserves	173,712
Water Revenue Bonds, Series 2000 Bond Reserves	29,893
AB198 Capital Replacement Projects Fund	199,536
Unutilized Regional Transportation Commission Funds	363,248
Total restricted cash - primary government	<u>\$ 1,291,165</u>
Water Revenue Bond, Series 2009 Bond Reserves	\$ 54,857
Total restricted cash - component unit	<u>\$ 54,857</u>

NOTE 5. Receivables / Due from other Governments

Receivables in the governmental funds consist principally of room and franchise taxes due various businesses. Amounts due from other governments consist primarily of taxes due from the State of Nevada and grant revenues due from various granting agencies. All receivables and amounts due from other governments are considered by management to be fully collectible and therefore, no allowance for doubtful accounts is necessary.

Receivables in the proprietary funds represent service billings to customers and are shown net of an allowance for doubtful accounts.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 6. Capital Assets

Governmental capital asset activity for the year ended June 30, 2015 was as follows:

Governmental Activities:	Balance 06/30/14	Additions	Deletions	Balance 06/30/15
Capital assets, not being depreciated:				
Land	\$ 2,094,481	\$ -	\$ (38,000)	\$ 2,056,481
Construction in progress	<u>-</u>	<u>18,521</u>	<u>-</u>	<u>18,521</u>
Total capital assets, not being depreciated	<u>2,094,481</u>	<u>18,521</u>	<u>(38,000)</u>	<u>2,075,002</u>
Capital assets, being depreciated:				
Buildings	10,985,813	-	(334,208)	10,651,605
Other improvements	8,200,519	-	(17,698)	8,182,821
Machinery and equipment	<u>3,131,584</u>	<u>61,235</u>	<u>(2,265)</u>	<u>3,190,554</u>
Total capital assets, being depreciated	<u>22,317,916</u>	<u>61,235</u>	<u>(354,171)</u>	<u>22,024,980</u>
Less accumulated depreciation for:				
Buildings	(2,100,298)	(273,726)	165,660	(2,208,364)
Other improvements	(1,637,302)	(369,768)	15,961	(1,991,109)
Machinery and equipment	<u>(2,277,463)</u>	<u>(164,411)</u>	<u>2,265</u>	<u>(2,439,609)</u>
Total accumulated depreciation	<u>(6,015,063)</u>	<u>(807,905)</u>	<u>183,886</u>	<u>(6,639,082)</u>
Total capital assets, being depreciated, net	<u>16,302,853</u>	<u>(746,670)</u>	<u>(170,285)</u>	<u>15,385,898</u>
Governmental activities capital assets, net	<u>\$ 18,397,334</u>	<u>\$ (728,149)</u>	<u>\$ (208,285)</u>	<u>\$ 17,460,900</u>

Depreciation expense was charged to the functions/programs of the City as follows:

Governmental Activities:	
General government	\$ 431,119
Judicial	6,787
Public safety	123,138
Public works	1,366
Health and sanitation	23,703
Culture and recreation	61,806
Community support	1,194
Streets and highways	<u>158,792</u>
Total depreciation expense - governmental activities	<u>\$ 807,905</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 6. Capital Assets, Continued

Business-type capital asset activity for the year ended June 30, 2015 was as follows:

Business-Type Activities:	Balance 06/30/14	Additions	Deletions	Balance 6/30/2015
Capital assets not being depreciated:				
Land	\$ 111,000	\$ -	\$ -	\$ 111,000
Construction in progress	195,889	3,536,599	(708,334)	3,024,154
Total capital assets, not being depreciated	<u>306,889</u>	<u>3,536,599</u>	<u>(708,334)</u>	<u>3,135,154</u>
Capital assets being depreciated:				
Buildings	479,334	-	-	479,334
Other improvements	4,802,754	724,868	-	5,527,622
Machinery and equipment	3,855,278	42,559	-	3,897,837
Utility systems	17,291,997	-	-	17,291,997
Total capital assets, being depreciated	<u>26,429,363</u>	<u>767,427</u>	<u>-</u>	<u>27,196,790</u>
Less accumulated depreciation for:				
Buildings	(166,248)	(11,983)	-	(178,231)
Other improvements	(2,571,636)	(182,646)	-	(2,754,282)
Machinery and equipment	(3,013,890)	(146,028)	-	(3,159,915)
Utility systems	(3,886,926)	(522,673)	-	(4,409,599)
Total accumulated depreciation	<u>(9,638,700)</u>	<u>(863,330)</u>	<u>-</u>	<u>(10,502,027)</u>
Total capital assets, being depreciated, net	<u>16,790,663</u>	<u>(95,903)</u>	<u>-</u>	<u>16,694,763</u>
Water fund activities capital assets, net	<u>\$ 17,097,552</u>	<u>\$ 3,440,696</u>	<u>\$ (708,334)</u>	<u>\$ 19,829,917</u>

Depreciation expense was charged to the functions/programs of the City as follows:

Business-Type Activities:	
Water Fund	\$ 64,635
Sewer Fund	536,849
Combined Garbage / Compost Facility Fund	261,846
Total depreciation expense - business-type activities	<u>\$ 863,330</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 6. Capital Assets, Continued

Component unit capital asset activity for the year ended June 30, 2015 was as follows:

Component Unit - Johnson Springs	Balance 06/30/14	Additions	Deletions	Balance 06/30/15
Capital assets not being depreciated:				
Land	18,000	\$ -	\$ -	\$ 18,000
Construction in progress	13,908	542,462	(445,885)	110,485
Total capital assets, not being depreciated	31,908	542,462	(445,885)	128,485
Capital assets being depreciated:				
Buildings	6,079,039	-	-	6,079,039
Other improvements	411,632	-	-	411,632
Machinery and equipment	448,215	58,136	-	506,351
Utility system	4,859,248	445,884	-	5,305,132
Total capital assets, being depreciated	11,798,134	504,020	-	12,302,154
Less accumulated depreciation for:				
Buildings	(3,317,962)	(189,395)	-	(3,507,357)
Other improvements	(59,449)	(20,040)	-	(79,489)
Machinery and equipment	(315,765)	(13,722)	-	(329,487)
Water utility system	(1,233,745)	(121,698)	-	(1,355,443)
Total accumulated depreciation	(4,926,921)	(344,855)	-	(5,271,776)
Total capital assets, being depreciated, net	6,871,213	159,165	-	7,030,378
Johnson Springs component unit fund activities capital assets, net	\$ 6,903,121	\$ 701,627	\$ (445,885)	\$ 7,158,863

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 7. Long-Term Liabilities

The following is a summary of long-term liabilities for the year ended June 30, 2015:

	Date of Issue	Interest Rate	Year of Final Payment	Original Amount of Issue	Balance 6/30/2014	Additions	Reductions	Balance 6/30/2015	Current Portion
Governmental Activities									
Bonds Payable:									
Tax-Exempt Medium Term Bonds, Series 2007A (80 Acres)	6/29/2007	4.32%	2017	1,410,000	\$ 757,000	\$ -	\$ (240,000)	\$ 517,000	\$ 252,000
General Obligation Medium-Term Bonds, Series 2009	2/27/2009	4.46%	2019	2,200,000	1,229,000	-	(222,000)	1,007,000	234,000
Medium Term Sales Tax Revenue Bond, Series 2009 (City Hall)	8/18/2009	4.38%	2039	5,225,000	4,768,879	-	(106,979)	4,661,900	111,764
Total Bonds Payable					<u>6,754,879</u>	<u>-</u>	<u>(568,979)</u>	<u>6,185,900</u>	<u>597,764</u>
Capital leases payable:									
September 2014 Police Vehicle Lease	9/1/2013	4.33%	2018	281,059	229,508	-	(53,783)	175,725	56,111
Total Capital Lease Payable					<u>229,508</u>	<u>-</u>	<u>(53,783)</u>	<u>175,725</u>	<u>56,111</u>
Other liabilities									
Net Pension Liabilities					6,845,768	-	(1,420,112)	5,425,656	-
Compensated absences					240,372	151,892	(141,836)	250,428	125,000
Governmental Activity Long-Term Liabilities					<u>\$ 7,224,759</u>	<u>\$ 151,892</u>	<u>\$ (764,598)</u>	<u>\$ 12,037,709</u>	<u>\$ 778,875</u>
Business-Type Activities									
Enterprise Funds:									
Water Fund									
Bonds Payable:									
1998 Water Revenue Bonds	11/17/1998	4.75%	2038	3,058,300	\$ 2,504,914	\$ -	\$ (54,465)	\$ 2,450,407	\$ 57,010
Water Revenue Bonds, Series 2000	6/27/2000	4.50%	2040	550,000	449,518	-	(9,665)	439,853	10,099
General Obligation Medium-Term Bonds, Series 2008	9/4/2008	4.95%	2018	800,000	800,000	-	(151,958)	648,042	156,042
General Obligation Limited Tax Medium-Term, Series 2014	6/17/2014	2.43%	2024	2,100,000	2,100,000	-	(175,000)	1,925,000	178,000
Total Bonds Payable					<u>5,854,432</u>	<u>-</u>	<u>(391,088)</u>	<u>5,463,302</u>	<u>401,151</u>
Other liabilities									
Net Pension Liabilities					399,581	-	(82,890)	316,691	-
Compensated absences					6,226	4,065	(3,673)	6,618	6,618
Total Water Fund Long Term Debt					<u>6,260,239</u>	<u>4,065</u>	<u>(477,651)</u>	<u>5,786,611</u>	<u>407,769</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 7. Long-Term Liabilities, continued

	Date of Issue	Interest Rate	Year of Final Payment	Original Amount of Issue	Balance 6/30/2014	Additions	Reductions	Balance 6/30/2015	Current Portion
<u>Sewer Fund</u>									
Bonds Payable:									
Waste Water Treatment Plant Revenue Bond	6/1/2012	2.75%	2052	2,637,000	2,544,676	-	(42,658)	2,502,659	40,557
Total Bonds Payable					<u>2,544,676</u>	<u>-</u>	<u>(42,658)</u>	<u>2,502,659</u>	<u>40,557</u>
Other liabilities									
Net Pension Liabilities					481,009	-	(99,783)	381,226	-
Compensated absences					3,637	4,102	(2,145)	5,594	5,594
Total Sewer Fund Long Term Debt					<u>\$ 3,029,322</u>	<u>\$ 4,102</u>	<u>\$ (144,586)</u>	<u>\$ 2,889,479</u>	<u>\$ 46,151</u>
<u>Combined Garbage / Compost Facility Fund</u>									
Bonds Payable:									
1998 Sewer/Compost Revenue Bonds	11/17/1998	4.75%	2018	1,280,000	\$ 438,072	\$ -	\$ (79,749)	\$ 358,323	\$ 83,536
Sewer/Compost Revenue Bonds Series 1999B	8/18/1999	4.50%	2019	1,500,000	589,201	-	(88,917)	500,284	92,807
Sewer/Compost Revenue Bonds Series 1999A	8/18/1999	4.50%	2019	540,000	212,074	-	(31,971)	180,103	33,411
Total Bonds Payable					<u>1,239,347</u>	<u>-</u>	<u>(200,637)</u>	<u>1,038,710</u>	<u>209,754</u>
Capital leases payable:									
Garbage Truck Lease	8/4/2010	1.88%	2014	224,000	46,396	-	(46,396)	-	-
Garbage Truck - Compost/Garbage Lease	9/26/2012	3.32%	2018	232,157	196,554	-	(36,786)	159,768	38,007
Total Capital Lease Payable					<u>242,950</u>	<u>-</u>	<u>(83,182)</u>	<u>159,768</u>	<u>38,007</u>
Other liabilities									
Net Pension Liabilities					438,196	-	(90,900)	347,296	-
Compensated absences					6,937	4,973	(4,092)	7,818	7,818
Total Combined Garbage / Compost Facility Fund					<u>1,927,430</u>	<u>4,973</u>	<u>(378,811)</u>	<u>1,553,592</u>	<u>255,579</u>
Business-Type Activity Long-Term Liabilities					<u>\$ 11,216,991</u>	<u>\$ 13,140</u>	<u>\$ (1,001,048)</u>	<u>\$ 10,229,682</u>	<u>\$ 709,499</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 7. Long-Term Liabilities, continued

Component Unit	Date of Issue	Interest Rate	Year of Final Payment	Original Amount of Issue	Balance 6/30/2014	Additions	Reductions	Balance 6/30/2015	Current Portion
Johnson Springs									
Bonds Payable:									
Water Revenue Bond, Series 2009	9/24/2009	4.50%	2049	1,766,730	\$ 1,682,586	\$ -	\$ (20,098)	\$ 1,662,488	\$ 21,022
Other liabilities									
Net Pension Liabilities					230,011	-	(47,714)	182,297	-
Compensated absences					9,867	7,109	(5,820)	11,156	11,156
Componet Unit Long-Term Liabilities					\$ 1,922,464	\$ 7,109	\$ (73,632)	\$ 1,855,941	\$ 32,178

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CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 7. Long-Term Liabilities, Continued

Revenue Bonds

The City has pledged future net revenues from the City's Municipal Water System to repay \$3,058,300 and \$550,000 in water revenue bonds issued in November 1998 and June 2000, respectively, with interest rates of 4.75% and 4.5%, respectively. Proceeds from the bonds provided financing to pay for the cost to acquire, improve, construct, equip, operate, and maintain a water project for the City. The bonds are payable solely from net revenues from the Municipal Water System and are payable through 2038 and 2040.

The City has pledged future net revenues from the City's Compost Facility to repay \$1,280,000 and \$2,040,000 in sewer/compost revenue bonds issued in November 1998 and August 1999 with interest rates of 4.75% and 4.5%, respectively. Proceeds from the bonds provided financing for the development and construction of a compost facility. The bonds are payable solely from future net revenues from the Compost Facility and are payable through 2018 and 2019.

The City has pledged future net revenues from the City's Sewer Facility to repay \$2,637,000 in sewer revenue bonds issued in June 2012 with an interest rate of 2.75%. Proceeds from the bonds provided financing for the construction of a new sewer facility. The bonds are payable solely from future net revenues from the Sewer Facility and are payable through 2052.

The following schedules reflect debt service requirements to maturity of the City's debt as of June 30, 2015:

Period Ending June 30	Governmental Activities			Business Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 597,764	\$ 268,982	\$ 866,746	\$ 651,462	\$ 326,766	\$ 978,228
2017	626,753	242,671	869,424	676,647	300,689	977,336
2018	379,964	215,085	595,049	704,150	273,608	977,758
2019	397,408	198,134	595,542	731,327	244,722	976,049
2020	133,096	180,404	313,500	478,675	221,803	700,478
2021-2025	760,079	807,421	1,567,500	1,656,419	915,017	2,571,436
2026-2030	945,559	621,941	1,567,500	862,219	700,183	1,562,402
2031-2035	1,176,299	391,201	1,567,500	1,054,392	507,947	1,562,339
2036-2040	1,168,978	109,515	1,278,493	1,101,071	270,540	1,371,611
2041-2045	-	-	-	418,601	125,560	544,161
2046-2050	-	-	-	480,078	63,987	544,065
2051-2055	-	-	-	189,630	6,372	196,002
	<u>\$ 6,185,900</u>	<u>\$ 3,035,354</u>	<u>\$ 9,221,254</u>	<u>\$ 9,004,671</u>	<u>\$ 3,957,194</u>	<u>\$ 12,961,865</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 7. Long-Term Liabilities, Continued

Period Ending June 30	Total Bonded Debt & Notes			Component Unit		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 1,249,226	\$ 595,748	\$ 1,844,974	\$ 21,022	\$ 74,382	\$ 95,404
2017	1,303,400	543,360	1,846,760	21,987	73,416	95,403
2018	1,084,114	488,693	1,572,807	22,997	72,406	95,403
2019	1,128,735	442,856	1,571,591	24,054	71,350	95,404
2020	611,771	402,207	1,013,978	25,159	70,245	95,404
2021-2025	2,416,498	1,722,438	4,138,936	144,232	332,787	477,019
2026-2030	1,807,778	1,322,124	3,129,902	180,548	296,471	477,019
2031-2035	2,230,691	899,148	3,129,839	226,009	251,008	477,017
2036-2040	2,270,049	380,055	2,650,104	282,917	194,101	477,018
2041-2045	418,601	125,560	544,161	354,154	122,862	477,016
2046-2050	480,078	63,987	544,065	359,409	35,156	394,565
2051-2055	189,630	6,372	196,002	-	-	-
	<u>\$ 15,190,571</u>	<u>\$ 6,992,548</u>	<u>\$ 22,183,119</u>	<u>\$ 1,662,488</u>	<u>\$ 1,594,184</u>	<u>\$ 3,256,672</u>

NOTE 8. Capital Leases Payable

The government has entered into three lease agreements, which are considered capital leases in accordance with Financial Accounting Standard Board ASC 840-30-25. Two of the leases are shown in the sewer fund and one in the general fund. The total amount of equipment capitalized under the leases is \$456,157 and \$281,059 for the business-type activities and the governmental activities respectively. Amortization on capital leases is included in depreciation expense.

The following is an annual schedule of future minimum lease payments with interest rates ranging from 1.88% to 4.32 % under the capital leases, together with the present value of the net minimum lease payments:

Year Ending June 30	Governmental Activities	Business-type Activities
2016	\$ 63,718	\$ 43,311
2017	63,718	43,311
2018	63,718	43,312
2019	-	43,311
2020	-	-
Total remaining minimum lease payments	191,154	173,245
Less amount representing interest	(15,429)	(13,477)
Present value of net remaining minimum lease payments	<u>\$ 175,725</u>	<u>\$ 159,768</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 9. Segment Information

In previous years, the component unit, Johnson Springs, issued separate revenue bonds to finance its operations. Segment information for Johnson Springs is disclosed below. Segment information for the other proprietary funds is disclosed in the basic financial statements.

	<u>6/30/2015</u>	<u>Condensed Statement of Cash Flows</u>	<u>6/30/2015</u>
Operating revenues	\$ 580,939	Net cash flows from:	
Depreciation and amortization	344,853	Operating activities	\$ (66,528)
Operating income/(loss)	(543,997)	Noncapital financing activities	(65,897)
Net income /(loss)	(307,872)	Investing activities	<u>2,753</u>
Capital asset additions, including capitalized interest	38,534	Net Increase (decrease)	<u>\$ (518,272)</u>
Net working capital	(2,136,108)	Beginning cash and cash equivalents	<u>1,526,942</u>
Total assets	8,233,569	Ending cash and cash equivalents	<u><u>\$ 1,008,670</u></u>
Total deferred outflows	26,939		
Current liabilities	185,963		
Due to primary government	2,969,993		
Bonds and other long term debt obligations	1,823,760		
Total deferred inflows	47,014		
Total net position	\$ 3,233,778		

NOTE 10. Interfund Receivables, Payables, and Transfers

As of June 30, 2015, interfund receivables and payables that resulted from various interfund transactions for the primary government were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 53,187
Water Fund	53,187	-
Total	<u><u>\$ 53,187</u></u>	<u><u>\$ 53,187</u></u>

Interfund balances resulted from the time lag between the dates that (1) Interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 10. Interfund Receivables, Payables, and Transfers, continued

As of June 30, 2015, interfund receivables and payables that resulted from transactions between the primary government and the component unit were as follows:

	<u>Due from Component Unit</u>	<u>Due to Primary Government</u>
Water Fund:		
Interest receivable	\$ 79,691	\$ -
Debt repayment receivable	2,890,302	-
Component Unit		
Interest payable	-	79,691
Debt repayment payable	-	2,890,302
Total	<u>\$ 2,969,993</u>	<u>\$ 2,969,993</u>

In 1998 and 2000, the City of West Wendover issued long term debt obligations to complete a water project in behalf of its constituents. The component unit, which benefited from the project, is assisting with the repayment of the revenues bonds issued in the water fund. Hence, there is an interfund balance between the water fund and the component unit, Johnson Springs as shown above.

Interfund transfers for the fiscal year ended June 30, 2015 are as follows:

	<u>Transfers out:</u>					<u>Total Transfers in</u>
	<u>General</u>	<u>Non-major</u>			<u>Ad Valorem Capital Projects</u>	
		<u>Welcome Center</u>	<u>Wendover Will Landmark</u>	<u>Capital Projects</u>		
Transfer in:						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonmajor Governmental Funds						
Welcome Center Fund	69,711	-	-	-	-	69,711
Wendover Will Landmark Fund	7,500	-	-	-	-	7,500
Capital Projects Fund	622,350	-	-	-	46,000	668,350
Ad Valorem Capital Projects Fund	-	-	-	-	-	-
Total transfers out	<u>\$ 699,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,000</u>	<u>\$ 745,561</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 11. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees at their option, permits participants until termination, retirement, death, or unforeseeable emergency.

Plan assets are held and administered by The Hartford. The plan does not meet the definition of a fiduciary fund as defined in GASB 32, and therefore, is not reported in this financial statement.

NOTE 12. Room Taxes

On October 16, 2001, Ordinance 01-20 was passed, increasing room taxes from 10% to 16%. Of this rate, 14% is allocated to the West Wendover Recreation District. Additionally, the Ordinance allows for 1% to be paid to a non-profit entity to promote tourism and recreation throughout the City of West Wendover. At June 30, 2015 this amount was held as restricted in the Recreation Fund.

NOTE 13. Commitments and Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is party to legal proceedings which normally occur in governmental operations. City officials believe these legal proceedings are not likely to have a material adverse impact on the financial position of the City.

NOTE 14. Available Borrowing Capacity

The lawful general obligation debt limit for city governments is established by State statute not to exceed thirty percent of the total last assessed valuation of the taxable property of the City. At June 30, 2015, the general obligation debt limit and available borrowing capacity of the City of West Wendover was \$37,854,451.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 15. Closure and Post-Closure Care Cost

State and Federal laws and regulations require that the City place a final cover on its landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. In addition to operating expenses related to current activities of the landfill sites, an expense provision and related liability should be recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfills no longer accept waste. GASB Statement 18 requires the recognition of these landfill closure and post-closure care costs based on the amount of the landfill used during the year. The City does not report a liability for the estimated closure and post-closure care costs because it has passed a resolution that authorizes participation in the landfill assurance program established through the Nevada Public Agency Insurance Pool as a mechanism to demonstrate financial responsibility for the closure and post-closure care costs. Because the City has, in effect, transferred its responsibility for closure and post-closure care costs to another entity through the purchase of the insurance policy, the liabilities are not reported on the City's financial statements as per GASB 18.

The estimated liability for landfill closure and post-closure care costs under GASB Statement 18 requirements is \$551,717 as of June 30, 2015. The City had one cell in operation during fiscal year 2015. The Class I cell has used 90% of available capacity and is projected to reach capacity in fiscal year 2016 according to the 2014 Volumetric Survey. The City is now in the process of creating new cells for operation. The estimated closure and post-closure costs are based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain landfill modules currently in use for the cell in operation during 2015 was acquired as of June 30, 2015. The City maintained an insurance policy with a face amount of \$514,587 at June 30, 2015. The financial assurance shortfall between the insurance policy face amount and the estimated closure and post-closure care costs will need to be covered by the City using one of the allowable mechanisms found at NAC 444.68525. For fiscal year 2015, the shortfall is deemed to be covered by cash and investments on hand in the garbage/compost fund at year end. The City has set aside \$40,000 in restricted cash to potentially fund a trust account as listed in note 4. The City plans to work with the Nevada Department of Environmental Protection to officially select and implement an allowable mechanism found at NAC 444.68525 during fiscal year 2016 to address the shortfall in coverage.

NOTE 16. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

The City has chosen to establish a risk financing fund for risks associated with the employee's health insurance plan. The risk financing fund is accounted for as an internal service fund where assets are set aside for claim settlement. A premium is charged to each function which accounts for full-time employees.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 16. Risk Management, Continued

Liabilities of funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There were no liabilities that met these criteria at June 30, 2015. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

Changes in the balances of claims liabilities during the past three fiscal years are as follows:

Fiscal Year Ended June 30	Unpaid Claims Beginning of Fiscal Year	Incurred Claims	Claim Payments	Unpaid Claims End of Fiscal Year
2015	\$ -	\$ 390,339	\$ 390,339	\$ -
2014	\$ -	\$ 300,984	\$ 300,984	\$ -
2013	\$ -	\$ 270,175	\$ 270,175	\$ -

NOTE 17. Retirement and Pension Plans

Public Employees' Retirement System of Nevada (PERS)

Plan description

PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 17. Retirement and Pension Plans, Continued

The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering the System on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards to eligibility for retirement as Police/Fire accredited service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by stature. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 17. Retirement and Pension Plans, Continued

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2014 and June 30, 2015 the Statutory Employer/employee matching rate was 13.25% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 25.75% for Regular and 40.50% for Police/Fire.

The City's contributions for the current and two preceding fiscal years, all of which were equal to the required contributions, were as follows:

Year Ended June 30,	Regular Fund	Police/Fire Fund
2013	\$ 326,485	\$ 546,433
2014	375,958	591,312
2015	358,869	564,435

Investment policy

The System's policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following was the Board adopted policy target asset allocation as of June 30, 2014:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return*
Domestic equity	42%	5.50%
International equity	18%	5.75%
Domestic fixed income	30%	0.25%
Private markets	10%	6.80%

*As of June 30, 2014, PERS' long-term inflation assumption was 3.50%.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 17. Retirement and Pension Plans, Continued

Pension liability

Net pension liability

At June 30, 2015, the City reported a liability of \$6,653,165 for its proportionate share of the PERS' net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2014. The City's proportion measured as of June 30, 2014, was 0.068384 percent, which was an decrease of 0.006445 percent from its proportion measured as of June 30, 2013.

Pension liability discount rate sensitivity

The following presents the net pension liability of the PERS as of June 30, 2014, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate share of			

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 17. Retirement and Pension Plans, Continued

Actuarial assumptions

The City's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%
Productivity pay increase	0.75%
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.50%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other assumptions	Same as those used in the June 30, 2014 funding actuarial valuation

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014 and June 30, 2013. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2014, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014 and June 30, 2013.

Pension expense and deferred outflows/inflows of resources related to pensions

For the year ended June 30, 2015, the City recognized pension expense for PERS of \$881,853. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 17. Retirement and Pension Plans, Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 318,391
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,397,437
Changes in proportion and differences between contributions and proportional share of contributions	59,845	-
Subtotal	59,845	1,715,828
Contributions subsequent to the measurement date	923,304	-
Total	\$ 983,149	\$ 1,715,828
Governmental activities	\$ 801,758	\$ 1,399,258
Business-type activities	154,453	269,556
Component Unit	26,938	47,014
	\$ 983,149	\$ 1,715,828

The \$923,304 reported as deferred outflows of resources related to PERS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2016	\$ (391,077)
2017	(391,077)
2018	(391,077)
2019	(391,077)
2020	(53,902)
Thereafter	(37,773)
	\$ (1,655,983)

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2015

NOTE 18. Restatement Adjustment

As mentioned in Note 1 to the financial statements, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. This resulted in a restatement of beginning net position as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
Restatement adjustment - implementation of GASB 68:				
Net pension liability	\$ 6,845,768	\$ 1,318,786	\$ 8,164,554	\$ 230,011
Deferred outflows - contributions made during fiscal year 2014	<u>(788,809)</u>	<u>(151,958)</u>	<u>(940,767)</u>	<u>(26,503)</u>
Total restatement adjustment	<u>\$ 6,056,959</u>	<u>\$ 1,166,828</u>	<u>\$ 7,223,787</u>	<u>\$ 203,508</u>

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES FOR THE FOLLOWING MAJOR FUNDS:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The **Recreation Fund** is used to account for the City's share of room tax proceeds and the distribution of those funds to the recreation district.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA SCHEDULES

CITY OF WEST WENDOVER, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
Revenues					
Property taxes					
Ad valorem	\$ 986,900	\$ 1,002,000	\$ 1,003,625	\$ 1,625	\$ 960,273
Personal property	168,400	164,000	164,515	515	163,950
Central assessments	17,800	13,800	6,002	(7,798)	13,510
Total property taxes	<u>1,173,100</u>	<u>1,179,800</u>	<u>1,174,142</u>	<u>(5,658)</u>	<u>1,137,733</u>
Licenses and permits					
Liquor licenses	1,200	400	360	(40)	-
City gaming licenses	218,000	218,000	247,692	29,692	215,892
Animal licenses	1,000	1,000	935	(65)	1,656
Business licenses	22,000	19,200	19,762	562	20,811
Right of way toll	217,000	206,300	191,819	(14,481)	207,476
Building permits	50,000	155,000	159,738	4,738	88,358
Special permits and fees	5,000	2,700	2,525	(175)	4,050
Franchise fees	360,000	344,200	350,174	5,974	362,934
Carlines taxes	100	100	23	(77)	77
Total licenses and permits	<u>874,300</u>	<u>946,900</u>	<u>973,028</u>	<u>26,128</u>	<u>901,254</u>
Intergovernmental revenue					
State consolidated revenue	2,533,800	2,508,000	2,490,960	(17,040)	2,438,541
1.75 cent gas tax	38,600	36,500	34,373	(2,127)	35,633
2.35 cent gas tax	49,500	46,800	48,379	1,579	49,236
County road tax	25,900	24,500	25,257	757	24,566
County transportation funds	-	362,800	-	(362,800)	-
County gaming tax	430,000	430,000	432,041	2,041	428,794
Federal/state grants	95,900	54,400	58,572	4,172	33,459
Reimbursement from Elko County	161,600	161,600	161,600	-	147,019
Total intergovernmental revenue	<u>3,335,300</u>	<u>3,624,600</u>	<u>3,251,182</u>	<u>(373,418)</u>	<u>3,157,248</u>
Charges for services					
Special police services	2,000	2,300	2,081	(219)	1,339
Work cards	6,500	6,500	6,375	(125)	6,415
Special fire protection services	20,000	10,000	6,775	(3,225)	11,100
Dispatch fees	3,400	5,200	4,752	(448)	5,472
Animal shelter fees	3,000	3,000	3,137	137	3,742
Pipeline administrative services	1,900	1,900	1,900	-	-
Miscellaneous	12,500	18,300	19,751	1,451	14,180
Total general	<u>49,300</u>	<u>47,200</u>	<u>44,771</u>	<u>(2,429)</u>	<u>42,248</u>
Fines and forfeitures					
Fines and fees	101,800	85,500	92,786	7,286	90,077
Total fines and forfeitures	<u>101,800</u>	<u>85,500</u>	<u>92,786</u>	<u>7,286</u>	<u>90,077</u>
Miscellaneous					
Interest	2,000	1,000	794	(206)	604
Donations	40,000	20,200	20,186	(14)	41,070
Rents and royalties	33,800	15,000	16,822	1,822	21,884
Miscellaneous	11,300	22,000	20,683	(1,317)	11,034
Total miscellaneous	<u>87,100</u>	<u>58,200</u>	<u>58,485</u>	<u>285</u>	<u>74,592</u>
Total revenues	<u>5,620,900</u>	<u>5,942,200</u>	<u>5,594,394</u>	<u>(347,806)</u>	<u>5,403,152</u>

CITY OF WEST WENDOVER, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
Expenditures					
General government					
Administration and finance					
Salaries and wages	374,900	374,900	371,159	3,741	355,151
Employee benefits	165,200	165,200	157,508	7,692	144,118
Services and supplies	383,200	332,000	325,341	6,659	390,282
Capital outlay	5,000	5,000	-	5,000	11,879
Total administration and finance	<u>928,300</u>	<u>877,100</u>	<u>854,008</u>	<u>23,092</u>	<u>901,430</u>
Elections					
Services and supplies	700	800	706	94	-
Total general government	<u>929,000</u>	<u>877,900</u>	<u>854,714</u>	<u>23,186</u>	<u>901,430</u>
Judicial					
Municipal court					
Salaries and wages	174,100	178,200	177,080	1,120	165,101
Employee benefits	90,600	91,600	83,874	7,726	87,915
Services and supplies	61,700	65,300	56,923	8,377	55,345
Capital outlay	-	-	-	-	-
Total judicial	<u>326,400</u>	<u>335,100</u>	<u>317,877</u>	<u>17,223</u>	<u>308,361</u>
Public safety					
Police					
Salaries and wages	935,800	964,600	956,846	7,754	1,020,779
Employee benefits	533,900	548,100	535,878	12,222	558,254
Services and supplies	199,600	185,400	189,320	(3,920)	366,622
Capital outlay	-	41,400	38,059	3,341	108,709
Total police department	<u>1,669,300</u>	<u>1,739,500</u>	<u>1,720,103</u>	<u>19,397</u>	<u>2,054,364</u>
Fire					
Salaries and wages	406,300	406,300	401,010	5,290	386,603
Employee benefits	222,000	224,100	214,213	9,887	207,416
Services and supplies	96,400	92,900	74,932	17,968	80,327
Capital outlay	500	500	-	500	-
Total fire department	<u>725,200</u>	<u>723,800</u>	<u>690,155</u>	<u>33,145</u>	<u>674,346</u>
Dispatch center					
Salaries and wages	257,400	257,400	256,783	617	219,561
Employee benefits	140,300	140,300	126,037	14,263	98,778
Services and supplies	86,600	87,800	78,425	9,375	24,512
Total dispatch center	<u>484,300</u>	<u>485,500</u>	<u>461,245</u>	<u>24,255</u>	<u>342,851</u>
Total public safety	<u>2,878,800</u>	<u>2,948,800</u>	<u>2,871,503</u>	<u>76,797</u>	<u>3,071,561</u>
Public works					
Paved streets					
Salaries and wages	14,200	14,200	16,428	(2,228)	7,353
Employee benefits	6,700	6,700	6,769	(69)	2,433
Services and supplies	91,600	97,200	65,365	31,835	152,806
Capital outlay	-	-	-	-	5,092
Total paved streets	<u>112,500</u>	<u>118,100</u>	<u>88,562</u>	<u>29,538</u>	<u>167,684</u>

CITY OF WEST WENDOVER, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
General					
Salaries and wages	202,700	165,700	168,233	(2,533)	170,874
Employee benefits	95,700	88,700	87,576	1,124	80,431
Services and supplies	38,800	40,500	35,041	5,459	33,348
Capital outlay	-	-	-	-	-
Total general	<u>337,200</u>	<u>294,900</u>	<u>290,850</u>	<u>4,050</u>	<u>284,653</u>
Total public works	<u>449,700</u>	<u>413,000</u>	<u>379,412</u>	<u>33,588</u>	<u>452,337</u>
Community development					
Salaries and wages	121,200	121,200	120,703	497	115,476
Employee benefits	50,400	50,400	48,188	2,212	46,933
Services and supplies	123,600	148,200	126,527	21,673	148,067
Capital outlay	-	-	-	-	-
Total community development	<u>295,200</u>	<u>319,800</u>	<u>295,418</u>	<u>24,382</u>	<u>310,476</u>
Health					
Animal control					
Salaries and wages	52,400	55,800	55,932	(132)	51,580
Employee benefits	30,400	25,700	24,967	733	29,211
Services and supplies	23,800	19,500	19,021	479	15,288
Capital outlay	-	-	-	-	-
Total animal control	<u>106,600</u>	<u>101,000</u>	<u>99,920</u>	<u>1,080</u>	<u>96,079</u>
Total health	<u>106,600</u>	<u>101,000</u>	<u>99,920</u>	<u>1,080</u>	<u>96,079</u>
Culture and recreation					
Library service					
Services and supplies	18,400	19,500	12,111	7,389	12,195
Total culture and recreation	<u>18,400</u>	<u>19,500</u>	<u>12,111</u>	<u>7,389</u>	<u>12,195</u>
Community support					
Miscellaneous					
Services and supplies	44,000	45,700	45,552	148	51,638
Total community support	<u>44,000</u>	<u>45,700</u>	<u>45,552</u>	<u>148</u>	<u>51,638</u>
Debt services	<u>67,700</u>	<u>67,700</u>	<u>66,931</u>	<u>769</u>	<u>67,620</u>
Total expenditures	<u>5,115,800</u>	<u>5,128,500</u>	<u>4,943,438</u>	<u>184,562</u>	<u>5,271,697</u>
Excess (deficiency) of revenues over (under) expenditures	<u>505,100</u>	<u>813,700</u>	<u>650,956</u>	<u>162,744</u>	<u>131,455</u>

CITY OF WEST WENDOVER, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
Other financing sources (uses)					
Capital lease proceeds	-	-	-	-	281,059
Transfers in	-	-	-	-	-
Transfers out	<u>(660,000)</u>	<u>(860,000)</u>	<u>(699,561)</u>	<u>160,439</u>	<u>(1,259,006)</u>
Total other financing sources and uses	<u>(660,000)</u>	<u>(860,000)</u>	<u>(699,561)</u>	<u>160,439</u>	<u>(977,947)</u>
Net change in fund balance	<u>(154,900)</u>	<u>(46,300)</u>	<u>(48,605)</u>	<u>(2,305)</u>	<u>(846,492)</u>
Fund balance, beginning of year	462,060	462,060	462,060	-	1,308,552
Fund balance, end of year	<u>\$ 307,160</u>	<u>\$ 415,760</u>	<u>\$ 413,455</u>	<u>\$ (2,305)</u>	<u>\$ 462,060</u>

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CITY OF WEST WENDOVER, NEVADA
Recreation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
Revenues					
Taxes					
Room taxes	\$ 2,363,230	\$ 2,219,000	\$ 2,253,470	\$ 34,470	\$ 2,274,467
Total revenues	<u>2,363,230</u>	<u>2,219,000</u>	<u>2,253,470</u>	<u>34,470</u>	<u>2,274,467</u>
Expenditures					
Culture and recreation					
Room tax distribution	2,365,100	2,220,900	2,222,326	(1,426)	2,224,557
Total culture and recreation	<u>2,365,100</u>	<u>2,220,900</u>	<u>2,222,326</u>	<u>(1,426)</u>	<u>2,224,557</u>
 Total expenditures	 <u>2,365,100</u>	 <u>2,220,900</u>	 <u>2,222,326</u>	 <u>(1,426)</u>	 <u>2,224,557</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(1,870)</u>	 <u>(1,900)</u>	 <u>31,144</u>	 <u>33,044</u>	 <u>49,910</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total other financing sources and uses	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Net change in fund balance	 (1,870)	 (1,900)	 31,144	 33,044	 49,910
Fund balance, beginning of year	129,992	129,992	129,992	-	80,082
Fund balance, end of year	<u>\$ 128,122</u>	<u>\$ 128,092</u>	<u>\$ 161,136</u>	<u>\$ 33,044</u>	<u>\$ 129,992</u>

CITY OF WEST WENDOVER, NEVADA
Schedule of the Proportionate Share of the Net Pension Liability
Public Employees' Retirement System of Nevada
June 30, 2015
Last 10 Fiscal Years

		Reporting Fiscal Year (Measurement Date)
		2015 (2014)
Proportion of the net pension liability (asset)		0.068384%
Proportionate share of the net pension liability (asset)	\$	6,653,165
Covered employee payroll	\$	3,113,721
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		213.67%
Plan fiduciary net position as a percentage of the total pension liability		76.3%

The City implemented GASB 68 in fiscal year 2015. Prior year information is not available.

CITY OF WEST WENDOVER, NEVADA
Schedule of Contributions
Public Employees' Retirement System of Nevada
June 30, 2015
Last 10 Fiscal Years

	Reporting Fiscal Year
	(Measurement Date)
	2015
	(2014)
Contractually required contribution	\$ 967,270
Contributions in relation to the contractually required contribution	\$ (967,270)
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 3,113,721
Contributions as a percentage of covered-employee payroll	31.06%

The City implemented GASB 68 in fiscal year 2015. Prior year information is not available.

SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUND

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The **Capital Projects Fund** is used to account for the acquisition or construction of capital facilities as outlined in Resolution 1997-14.

NONMAJOR GOVERNMENTAL FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The **Seizure and Forfeiture Fund** is used to account for seizures and forfeitures received by the City under City Resolution 1992-09, as provided for in NRS 179.1187

The **Court Administrative Assessment Fund** is used to account for fees collected by the court as required by Nevada Revised Statutes Section 176.059, which are used to improve the operations of the court.

The **Medical Clinic Facilities Fund** is used to account for activity associated with the medical clinic under City Resolution 1998-02.

The **Welcome Center Fund** is used to account for the merchandise sales and operations of the Welcome Center as established under City Resolution 2001-04.

The **Wendover Will Landmark Fund** is used to account for the construction, maintenance, and related revenues and expenditures associated with the Wendover Will Landmark as established by City Resolution 2005-01.

The **Grant Fund** is used to account for various grants receipts and expenditures as outlined in Resolution 1996-14.

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The **Ad Valorem Capital Projects Fund** is used to account for revenue received from a special ad valorem tax that must be recorded in a capital projects fund and dedicated to capital project needs within the City, as established under NRS 268.045.

CITY OF WEST WENDOVER, NEVADA
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
Revenues					
Miscellaneous					
Interest income	\$ -	\$ -	\$ 48	\$ 48	\$ 1,390
Sale of capital assets	286,000	238,000	228,447	(9,553)	2,098
Total revenues	<u>286,000</u>	<u>238,000</u>	<u>228,495</u>	<u>(9,505)</u>	<u>3,488</u>
Expenditures					
General government					
Capital outlay	25,000	142,000	18,521	123,479	181,546
Total general government	<u>25,000</u>	<u>142,000</u>	<u>18,521</u>	<u>123,479</u>	<u>181,546</u>
Debt service					
Debt service - principal	569,000	569,000	568,988	12	542,416
Debt service - interest	294,100	294,100	294,028	72	317,904
Total debt service	<u>863,100</u>	<u>863,100</u>	<u>863,016</u>	<u>84</u>	<u>860,320</u>
Total expenditures	<u>888,100</u>	<u>1,005,100</u>	<u>881,537</u>	<u>123,563</u>	<u>1,041,866</u>
Excess of revenues over (under) expenditures	<u>(602,100)</u>	<u>(767,100)</u>	<u>(653,042)</u>	<u>114,058</u>	<u>(1,038,378)</u>
Other financing sources					
Transfers in	592,000	805,000	668,350	(136,650)	1,105,332
Transfers out	-	-	-	-	-
Total other financing sources	<u>592,000</u>	<u>805,000</u>	<u>668,350</u>	<u>(136,650)</u>	<u>1,105,332</u>
Net change in fund balance	(10,100)	37,900	15,308	(22,592)	66,954
Fund balance, beginning of year	<u>151,525</u>	<u>151,525</u>	<u>151,525</u>	<u>-</u>	<u>84,571</u>
Fund balance, end of year	<u>\$ 141,425</u>	<u>\$ 189,425</u>	<u>\$ 166,833</u>	<u>\$ (22,592)</u>	<u>\$ 151,525</u>

CITY OF WEST WENDOVER, NEVADA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	<u>Special Revenue</u>					<u>Capital Project</u>	<u>Total</u>	
	<u>Seizure Forfeiture Fund</u>	<u>Court Administrative Assessment Fund</u>	<u>Medical Clinic Facilities Fund</u>	<u>Welcome Center Fund</u>	<u>Wendover Will Landmark Fund</u>	<u>Grant Fund</u>	<u>Ad Valorem Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>
Assets								
Cash and investments	\$ 24,527	\$ 30,172	\$ 4,206	\$ -	\$ 9,136	\$ -	\$ 20,504	\$ 88,545
Inventory	-	-	-	2,953	-	-	-	2,953
Total assets	<u>\$ 24,527</u>	<u>\$ 30,172</u>	<u>\$ 4,206</u>	<u>\$ 2,953</u>	<u>\$ 9,136</u>	<u>\$ -</u>	<u>\$ 20,504</u>	<u>\$ 91,498</u>
Liabilities								
Accounts payable	\$ 20,214	\$ 62	\$ 212	\$ 666	\$ -	\$ -	\$ -	\$ 21,154
Total liabilities	<u>20,214</u>	<u>62</u>	<u>212</u>	<u>666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,154</u>
Fund Balances								
Nonspendable	-	-	-	2,953	-	-	-	2,953
Restricted	4,313	30,110	-	-	-	-	-	34,423
Committed	-	-	3,994	-	9,136	-	20,504	33,634
Unassigned	-	-	-	(666)	-	-	-	(666)
Total fund balances	<u>4,313</u>	<u>30,110</u>	<u>3,994</u>	<u>2,287</u>	<u>9,136</u>	<u>-</u>	<u>20,504</u>	<u>70,344</u>
Total liabilities and fund balances	<u>\$ 24,527</u>	<u>\$ 30,172</u>	<u>\$ 4,206</u>	<u>\$ 2,953</u>	<u>\$ 9,136</u>	<u>\$ -</u>	<u>\$ 20,504</u>	<u>\$ 91,498</u>

CITY OF WEST WENDOVER, NEVADA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	<u>Special Revenue</u>					<u>Capital Project</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Seizure Forfeiture Fund</u>	<u>Court Administrative Assessment Fund</u>	<u>Medical Clinic Facilities Fund</u>	<u>Welcome Center Fund</u>	<u>Wendover Will Landmark Fund</u>	<u>Grant Fund</u>	<u>Ad Valorem Capital Projects Fund</u>	
Revenues								
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,143	\$ 46,143
Intergovernmental	-	-	-	132,219	-	-	-	132,219
Charges for services	-	9,024	-	-	-	-	-	9,024
Miscellaneous	2,898	29	-	5,174	11,234	-	-	19,335
Total revenues	<u>2,898</u>	<u>9,053</u>	<u>-</u>	<u>137,393</u>	<u>11,234</u>	<u>-</u>	<u>46,143</u>	<u>206,721</u>
Expenditures								
Judicial	6,539	7,035	-	-	-	-	-	13,574
Health	-	-	2,369	-	-	-	-	2,369
Community support	-	-	-	216,464	18,608	-	-	235,072
Total expenditures	<u>6,539</u>	<u>7,035</u>	<u>2,369</u>	<u>216,464</u>	<u>18,608</u>	<u>-</u>	<u>-</u>	<u>251,015</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,641)</u>	<u>2,018</u>	<u>(2,369)</u>	<u>(79,071)</u>	<u>(7,374)</u>	<u>-</u>	<u>46,143</u>	<u>(44,294)</u>
Other financing sources								
Transfers in	-	-	-	69,711	7,500	-	-	77,211
Transfers out	-	-	-	-	-	-	(46,000)	(46,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,711</u>	<u>7,500</u>	<u>-</u>	<u>(46,000)</u>	<u>31,211</u>
Net change in fund balances	<u>(3,641)</u>	<u>2,018</u>	<u>(2,369)</u>	<u>(9,360)</u>	<u>126</u>	<u>-</u>	<u>143</u>	<u>(13,083)</u>
Fund balances, beginning of year	<u>7,954</u>	<u>28,092</u>	<u>6,363</u>	<u>11,647</u>	<u>9,010</u>	<u>-</u>	<u>20,361</u>	<u>83,427</u>
Fund balances, end of year	<u>\$ 4,313</u>	<u>\$ 30,110</u>	<u>\$ 3,994</u>	<u>\$ 2,287</u>	<u>\$ 9,136</u>	<u>\$ -</u>	<u>\$ 20,504</u>	<u>\$ 70,344</u>

CITY OF WEST WENDOVER, NEVADA
Seizure Forfeiture Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
Revenues					
Miscellaneous					
Interest income	\$ 10	\$ 5,750	\$ 2,898	\$ (2,852)	\$ 21
Total revenues	10	5,750	2,898	(2,852)	21
Expenditures					
Public Safety					
Services and supplies	500	7,200	6,539	661	-
Total expenditures	500	7,200	6,539	661	-
Excess of revenues over (under) expenditures	(490)	(1,450)	(3,641)	(2,191)	21
Fund balance, beginning of year	7,954	7,954	7,954	-	7,933
Fund balance, end of year	<u>\$ 7,464</u>	<u>\$ 6,504</u>	<u>\$ 4,313</u>	<u>\$ (2,191)</u>	<u>\$ 7,954</u>

CITY OF WEST WENDOVER, NEVADA
Court Administrative Assessments Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
Revenues					
Charges for services					
Court assessments	\$ 12,700	\$ 10,000	\$ 9,024	\$ (976)	\$ 11,658
Miscellaneous					
Interest	100	100	29	(71)	19
Total revenues	<u>12,800</u>	<u>10,100</u>	<u>9,053</u>	<u>(1,047)</u>	<u>11,677</u>
Expenditures					
Judicial					
Services and supplies	10,000	10,000	7,035	2,965	15,731
Capital outlay	5,400	5,400	-	5,400	-
Total expenditures	<u>15,400</u>	<u>15,400</u>	<u>7,035</u>	<u>8,365</u>	<u>15,731</u>
Excess of revenue and other sources over (under) expenditures	(2,600)	(5,300)	2,018	(9,412)	(4,054)
Other financing sources					
Transfers in	-	-	-	-	-
Transfers out	(2,000)	-	-	-	-
Net change in fund balance	(4,600)	(5,300)	2,018	(9,412)	(4,054)
Fund balance, beginning of year	<u>28,092</u>	<u>28,092</u>	<u>28,092</u>	<u>-</u>	<u>32,146</u>
Fund balance, end of year	<u><u>\$ 23,492</u></u>	<u><u>\$ 22,792</u></u>	<u><u>\$ 30,110</u></u>	<u><u>\$ 7,318</u></u>	<u><u>\$ 28,092</u></u>

CITY OF WEST WENDOVER, NEVADA
Medical Clinic Facilities Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
Revenues					
Intergovernmental					
Grant income	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenue	-	-	-	-	-
Expenditures					
Health					
Services and supplies	1,500	2,500	2,369	131	1,235
Total expenditures	1,500	2,500	2,369	131	1,235
Excess of revenues over (under) expenditures	(1,500)	(2,500)	(2,369)	131	(1,235)
Other financing sources					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net change in fund balance	(1,500)	(2,500)	(2,369)	131	(1,235)
Fund balance, beginning of year	6,363	6,363	6,363	-	7,598
Fund balance, end of year	\$ 4,863	\$ 3,863	\$ 3,994	\$ 131	\$ 6,363

CITY OF WEST WENDOVER, NEVADA
Welcome Center Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
Revenues					
Intergovernmental					
Operating grants	\$ 89,800	\$ 41,000	\$ 39,219	\$ (1,781)	\$ 99,890
Elko county recreation board	98,000	93,000	93,000	-	88,000
Total intergovernmental	<u>187,800</u>	<u>134,000</u>	<u>132,219</u>	<u>(1,781)</u>	<u>187,890</u>
Miscellaneous					
Merchandise sales	8,000	7,500	5,174	(2,326)	3,803
Total miscellaneous	<u>8,000</u>	<u>7,500</u>	<u>5,174</u>	<u>(2,326)</u>	<u>3,803</u>
Total revenues	<u>195,800</u>	<u>141,500</u>	<u>137,393</u>	<u>(4,107)</u>	<u>191,693</u>
Expenditures					
Community support					
Salaries and wages	83,900	95,800	95,026	774	84,903
Employee benefits	43,900	48,900	48,802	98	41,890
Services and supplies	45,900	49,400	36,714	12,686	34,283
Capital outlay	120,000	45,000	35,922	9,078	125,488
Total expenditures	<u>293,700</u>	<u>239,100</u>	<u>216,464</u>	<u>22,636</u>	<u>286,564</u>
Excess of revenues over (under) expenditures	<u>(97,900)</u>	<u>(97,600)</u>	<u>(79,071)</u>	<u>18,529</u>	<u>(94,871)</u>
Other financing sources					
Transfers in	95,000	90,000	69,711	(20,289)	94,871
Transfers out	-	-	-	-	-
Net change in fund balance	(2,900)	(7,600)	(9,360)	(1,760)	-
Fund balance, beginning of year	<u>11,647</u>	<u>11,647</u>	<u>11,647</u>	<u>-</u>	<u>11,647</u>
Fund balance, end of year	<u><u>\$ 8,747</u></u>	<u><u>\$ 4,047</u></u>	<u><u>\$ 2,287</u></u>	<u><u>\$ (1,760)</u></u>	<u><u>\$ 11,647</u></u>

CITY OF WEST WENDOVER, NEVADA
Wendover Will Landmark Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
Revenues					
Miscellaneous					
Donations from private sources	\$ 1,000	\$ 7,200	\$ 11,234	\$ 4,034	\$ 530
Total revenues	1,000	7,200	11,234	4,034	530
Expenditures					
Community Support					
Services and supplies	18,000	19,700	18,608	1,092	20,888
Total expenditures	18,000	19,700	18,608	1,092	20,888
Excess of revenues over (under) expenditures	(17,000)	(12,500)	(7,374)	5,126	(20,358)
Other financing sources					
Transfers in	15,000	10,000	7,500	(2,500)	20,000
Transfers out	-	-	-	-	-
Net change in fund balance	(2,000)	(2,500)	126	2,626	(358)
Fund balance, beginning of year	9,010	9,010	9,010	-	9,368
Fund balance, end of year	\$ 7,010	\$ 6,510	\$ 9,136	\$ 2,626	\$ 9,010

CITY OF WEST WENDOVER, NEVADA
Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
Revenues					
Intergovernmental					
CDBG grants	\$ -	\$ -	\$ -	\$ -	\$ -
Other grant revenue	990,000	-	-	-	57,965
Total intergovernmental	<u>990,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,965</u>
 Total revenues	 <u>990,000</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>57,965</u>
Expenditures					
Public works					
Capital outlay	990,000	-	-	-	141,768
Total public works	<u>990,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,768</u>
 Total expenditures	 <u>990,000</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>141,768</u>
 Deficiency of revenues under expenditures	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>(83,803)</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	83,803
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total other financing sources and uses	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>83,803</u>
 Net change in fund balance	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF WEST WENDOVER, NEVADA
Ad Valorem Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
Revenues					
Other taxes					
Ad valorem tax	\$ 30,000	\$ 46,000	\$ 46,143	\$ 143	\$ 35,063
Expenditures					
Total expenditures	-	-	-	-	-
Excess of revenues over (under) expenditures	30,000	46,000	46,143	143	35,063
Other financing sources					
Transfers in	-	-	-	-	-
Transfers out	(40,000)	(45,000)	(46,000)	(1,000)	(45,000)
Net change in fund balance	(10,000)	1,000	143	(857)	(9,937)
Fund balance, beginning of year	20,361	20,361	20,361	-	30,298
Fund balance, end of year	\$ 10,361	\$ 21,361	\$ 20,504	\$ (857)	\$ 20,361

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MAJOR BUSINESS-TYPE FUNDS

CITY OF WEST WENDOVER, NEVADA
Water Fund
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
Operating revenues					
Charges for services	\$ 1,295,000	\$ 1,215,000	\$ 1,083,837	\$ (131,163)	\$ 1,168,739
Total operating revenues	<u>1,295,000</u>	<u>1,215,000</u>	<u>1,083,837</u>	<u>(131,163)</u>	<u>1,168,739</u>
Operating expenses					
Water purchases	-	475,000	474,181	819	480,304
Salaries and wages	185,900	185,900	185,083	817	196,621
Employee benefits	86,600	86,600	82,508	4,092	92,801
Services and supplies	776,500	274,700	258,281	16,419	252,082
Depreciation and amortization	182,500	133,500	64,635	68,865	84,990
Total operating expenses	<u>1,231,500</u>	<u>1,155,700</u>	<u>1,064,688</u>	<u>91,012</u>	<u>1,106,798</u>
Operating income	<u>63,500</u>	<u>59,300</u>	<u>19,149</u>	<u>(40,151)</u>	<u>61,941</u>
Nonoperating revenues (expenses)					
Interest income	5,000	144,500	138,697	(5,803)	143,970
Impact fees	50,000	214,000	217,732	3,732	7,441
Grant revenue	520,435	520,435	329,905	(190,530)	-
Miscellaneous income	2,545,435	25,000	14,795	(10,205)	18,650
Loss on disposal of capital assets	-	-	-	-	(58,861)
Capital outlay	(4,540,870)	(1,000)	-	1,000	(178)
Interest expense	(134,400)	(191,600)	(221,157)	(29,557)	(184,645)
Total nonoperating revenues (expenses)	<u>(1,554,400)</u>	<u>711,335</u>	<u>479,972</u>	<u>(231,363)</u>	<u>(73,623)</u>
Income (loss) before transfers	(1,490,900)	770,635	499,121	(271,514)	(11,682)
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	(1,490,900)	770,635	499,121	(271,514)	(11,682)
Total net position, beginning of year	3,332,925	3,332,925	3,332,925	-	3,344,607
Restatement adjustment	-	-	(353,539)	(353,539)	-
Total net position, end of year	<u>\$ 1,842,025</u>	<u>\$ 4,103,560</u>	<u>\$ 3,478,507</u>	<u>\$ (625,053)</u>	<u>\$ 3,332,925</u>

CITY OF WEST WENDOVER, NEVADA
Sewer Fund
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
Operating revenues					
Charges for services:					
Charges for services	\$ 970,100	\$ 954,500	\$ 937,635	\$ (16,865)	\$ 911,937
Total operating revenues	970,100	954,500	937,635	(16,865)	911,937
Operating expenses					
Salaries and wages	210,100	265,400	253,003	12,397	205,090
Employee benefits	101,000	109,200	105,620	3,580	97,577
Services and supplies	467,500	484,300	438,069	46,231	412,849
Capital outlay	26,000	33,600	6,625	26,975	8,475
Depreciation and amortization	351,000	565,600	536,848	28,752	541,631
Total operating expenses	1,155,600	1,458,100	1,340,165	117,935	1,265,622
Operating loss	(185,500)	(503,600)	(402,530)	101,070	(353,685)
Nonoperating revenues (expenses)					
Interest income	-	-	907	907	486
Impact fees	50,000	54,000	56,602	2,602	6,829
Miscellaneous income	2,500	1,500	2,799	1,299	225,763
Interest expense	(70,100)	(86,500)	(69,911)	16,589	(70,703)
Total nonoperating revenues	(17,600)	(31,000)	(9,603)	21,397	162,375
Income (loss) before transfers	(203,100)	(534,600)	(412,133)	122,467	(191,310)
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	(203,100)	(534,600)	(412,133)	122,467	(191,310)
Total net position, beginning of year	11,576,680	11,576,680	11,576,680	-	11,767,990
Restatement adjustment	-	-	(425,584)	(425,584)	-
Total net position, end of year	\$ 11,576,680	\$ 11,576,680	\$ 10,738,963	\$ (837,717)	\$ 11,576,680

CITY OF WEST WENDOVER, NEVADA
Garbage / Compost Facility Fund
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2014
Operating revenues					
Charges for services	\$ 1,290,100	\$ 1,291,800	\$ 1,340,890	\$ 49,090	\$ 1,226,930
Total operating revenues	<u>1,290,100</u>	<u>1,291,800</u>	<u>1,340,890</u>	<u>49,090</u>	<u>1,226,930</u>
Operating expenses					
Salaries and wages	231,500	213,200	203,384	9,816	191,655
Employee benefits	121,500	120,300	96,583	23,717	94,844
Services and supplies	353,200	292,900	239,285	53,615	218,637
Capital outlay	20,000	20,000	-	20,000	-
Depreciation and amortization	301,000	291,600	261,847	29,753	267,014
Total operating expenses	<u>1,027,200</u>	<u>938,000</u>	<u>801,099</u>	<u>136,901</u>	<u>772,150</u>
Operating income	<u>262,900</u>	<u>353,800</u>	<u>539,791</u>	<u>185,991</u>	<u>454,780</u>
Nonoperating revenues (expenses)					
Interest income	500	500	881	381	194
Miscellaneous income	-	-	-	-	19,089
Interest expense	(65,200)	(63,200)	(55,054)	8,146	(67,315)
Total nonoperating expenses	<u>(64,700)</u>	<u>(62,700)</u>	<u>(54,173)</u>	<u>8,527</u>	<u>(48,032)</u>
Income before transfers	198,200	291,100	485,618	194,518	406,748
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	198,200	291,100	485,618	194,518	406,748
Total net position, beginning of year	2,110,085	2,110,085	2,110,085	-	1,703,337
Restatement adjustment	-	-	(387,705)	(387,705)	-
Total net position, end of year	<u>\$ 2,308,285</u>	<u>\$ 2,401,185</u>	<u>\$ 2,207,998</u>	<u>\$ (193,187)</u>	<u>\$ 2,110,085</u>

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

The Honorable Mayor and City Council
West Wendover, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of West Wendover, Nevada, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City of West Wendover, Nevada's basic financial statements and have issued our report thereon dated October 31, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of West Wendover, Nevada's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of West Wendover, Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of City of West Wendover, Nevada's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of West Wendover, Nevada's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HintonBurdick, PLLC
St. George, Utah
October 31, 2015

**Independent Auditor's Report on Compliance
With Statutes and Administrative Code in Accordance
With NRS 354.624(4) and 354.6241**

The Honorable Mayor and City Council
West Wendover, NV

We have audited the basic financial statements of the City of West Wendover, Nevada for the year ended June 30, 2015, and have issued our report thereon dated October 31, 2015. Our audit also included test work on the City of West Wendover's compliance with selected requirements identified in the State of Nevada Revised Statutes (NRS) including, but not limited to, NRS section 354.624 and section 354.6241.

The management of the City of West Wendover is responsible for the City's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit and make specific statements regarding funds established and the status of prior year findings and recommendations; accordingly, we make the following statements:

The City of West Wendover is still working to resolve a compliance finding issued in the prior year audit report. See finding 2014-002 on page 90.

We noted no new instances of noncompliance during fiscal year 2015.

The City of West Wendover has established several funds in accordance with NRS 354.624 as follows:

Enterprise Funds:

Water Fund
Sewer Fund
Garbage / Compost Facility Fund

Funds whose balance is required to be used only for a specific purpose or carried forward to the succeeding fiscal year in any designated amount:

Special Revenue Funds:

Seizure Forfeiture Fund
Recreation Fund
Court Administrative Assessment Fund
Medical Clinic Facilities Fund
Grants Fund
Welcome Center Fund
Wendover Will Landmark Fund

Capital Projects Funds:

Capital Projects Fund
Ad Valorem Capital Projects Fund

The City of West Wendover appears to be using the above listed funds expressly for the purposes for which they were created and in accordance with NRS 354.624. The funds are being administered in accordance with Generally Accepted Accounting Principles and the reserves, as applicable, appear reasonable and necessary to carry out the purposes of the funds. Sources of revenues available and fund balances and net position are reflected in the individual fund financial statements.

The statutory and regulatory requirements of the funds are as follows:

Water Fund:	NRS 354.517
Sewer Fund :	NRS 354.517
Garbage / Compost Facility Fund:	NRS 354.517
Seizure Forfeiture Fund:	Resolution 1992-09
Recreation Fund:	NRS 268.798
Court Administrative Assessment Fund:	NRS 176.059
Grant Fund:	Resolution 1996-14
Medical Clinic Facilities:	Resolution 1998-02
Welcome Center Fund:	Resolution 2001-04
Wendover Will Landmark Fund	Resolution 2005-01
Capital Projects Fund	Resolution 1997-14
Ad Valorem Capital Projects Fund	NRS 268.045

NRS 354.624 requires that a schedule of all fees imposed by the City which were subject to the provisions of NRS 354.5989 be provided. The City has not increased any fees subject to the limitations provided by NRS 354.5989; however the schedule for these fees immediately follows this report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, The City of West Wendover, Nevada complied, in all material respects, with the requirements identified above for the year ended June 30, 2015.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Nevada Revised Statutes (NRS) and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.



HintonBurdick, PLLC
St. George, Utah
October 31, 2015

CITY OF WEST WENDOVER, NEVADA
Schedule of Fees Imposed Subject to the Provision of NRS 354.5989
Limitation on Fees for Business Licenses
For the Year ended June 30, 2015

Flat Fixed Fees:

Business license revenue adjusted base at June 30, 2014		<u>20,175</u>
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Adjustment to Base:

1. Percentage increase in population of the local government	1.9%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31, next preceding the year for which the limit is being calculated	0.1%	2.00%

Increase in base		<u>404</u>
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Adjusted base at June 30, 2015		<u>20,579</u>
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Actual revenue		<u>19,762</u>
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Amount over (under) allowable amount		\$ (817)
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CITY OF WEST WENDOVER, NEVADA
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2015

<u>Grantor Agency</u>	<u>Federal CFDA Number</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Justice:</u>			
Passed through Nevada Department of Public Safety Bullet Proof Vests	16.607		\$ 5,104
<u>U.S. Department of Transportation:</u>			
Passed through the Nevada Department of Transportation National Priority Safety Programs	20.616		6,799
<u>Enviromental Protection Agency</u>			
Passed through Department of Conservation & Natural Resources Drinking Water State Revolving Loan Fund	66.468	DW1207	* 775,013
<u>U.S. Department of Homeland Security:</u>			
Passed through State of Nevada Department of FEMA Emergency Management Performance Grants	97.042		<u>24,417</u>
Total expenditure of federal awards:			<u>\$ 811,333</u>

* Major program

Note A – Schedule has been prepared on the modified accrual basis of accounting.

**Independent Auditors' Report on Compliance
For Each Major Program and on Internal Control
Over Compliance Required by OMB Circular A-133**

The Honorable Mayor and City Council
West Wendover, Nevada

Report on Compliance for Each Major Federal Program

We have audited the City of West Wendover, Nevada's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of West Wendover, Nevada's major federal programs for the year ended June 30, 2015. The City of West Wendover, Nevada's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of West Wendover, Nevada's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of West Wendover, Nevada's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of West Wendover, Nevada's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of West Wendover, Nevada, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the City of West Wendover, Nevada, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of West Wendover, Nevada's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of West Wendover, Nevada's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



HintonBurdick, PLLC
St. George, Utah
October 31, 2015

CITY OF WEST WENDOVER, NEVADA
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified
Internal control over financial reporting:

- Material weakness (es) identified? ___ yes X no
- Significant deficiency (ies) identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal Control over major programs:

- Material weakness (es) identified? ___ yes X no
- Significant deficiency (ies) identified? ___ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___ yes X no

Identification of major programs.

CFDA Number(s) Name of Federal Program or Cluster

66.468 Drinking Water State Revolving Loan Fund

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ___ yes X no

CITY OF WEST WENDOVER, NEVADA
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2015

Section II – Financial Statement Findings

INTERNAL CONTROL OVER FINANCIAL REPORTING:

No items noted

COMPLIANCE AND OTHER MATTERS:

Compliance:

2014-002 Closure and Post Closure Financial Assurance

As discussed in note 13 to the financial statements, the City has not completely met the requirements of NAC 444.685 pertaining to closure and post closure financial assurance for the municipal landfill. Since the insurance coverage for the landfill is inadequate to cover the closure and post closure costs as currently projected, the City needs to work with the Nevada Department of Environmental Protection to establish other allowable mechanisms and provide the required financial assurance. It is our understanding that the City has set aside cash reserves to potentially set up a trust fund and meet those requirements.

Recommendation

We recommend that the City work closely with the Nevada Department of Environmental Protection to completely meet the requirements of NAC 444.685 during fiscal year 2016.

CITY OF WEST WENDOVER, NEVADA
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2015

Section III – Federal Award Findings and Questioned Costs

No items noted.

Section IV - Summary Schedule of Prior Audit Findings

No prior year audit findings noted.